

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	

**ASSURED GUARANTY MUNICIPAL CORP. NOTICE OF
ASSERTED RIGHT TO VOTE CERTAIN CLAIMS IN CLASS 1A**

Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., (“Assured”), by and through its undersigned attorneys, and pursuant to ¶ 9.a of the Order (I) Establishing Procedures For Solicitation And Tabulation Of Votes To Accept Or Reject Plan Of Adjustment And (II) Approving Notice Procedures Related To Confirmation Of The Plan Of Adjustment [Doc. No. 2984] (the “Solicitation Procedures Order”),¹ respectfully submits this Notice of Asserted Right to Vote Certain Claims in Class 1A (the “Voting Notice”), and in support hereof, states as follows:

¹ As amended by the Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of Adjustment [Doc. No. 4202].



Assured asserts that it is entitled to vote and make the DWSD Election for certain Class 1A claims arising from each of following series of DWSD Bonds² which Assured insures (the “Assured DWSD Bonds”): Sewage Disposal System Senior Lien Revenue Refunding Bonds (Variable Rate Demand) Series 2001(C-1), Sewage Disposal System Senior Lien Revenue and Refunding Bonds Series 2003(A), Sewage Disposal System Senior Lien Revenue Bonds (Variable Rate Demand) Series 2003(B), Sewage Disposal System Senior Lien Revenue Refunding Bonds Series 2004(A), Sewage Disposal System Revenue Refunding Senior Lien Bonds (Tax-Exempt Floating LIBOR Notes) Series 2006(D), Sewage Disposal System Revenue and Revenue Refunding Senior Lien Bonds Series 2012(A), Water Supply System Revenue Senior Lien Bonds Series 2006(A), Water Supply System Revenue Second Lien Bonds (Variable Rate Demand) Series 2006(B), Water Supply System Revenue Refunding Second Lien Bond Series 2006(C), and Water Supply System Revenue Refunding Senior Lien Bond Series 2006(D). Accordingly, Assured asserts the right to vote the following classes: Classes 1A-125 through 1A-135, Classes 1A-142 through 1A-145, Classes 1A-148 through 1A-152, Classes 1A-160 through 1A-164, Classes 1A-227 through 1A-

² Capitalized terms not otherwise defined herein shall have the meaning given to them in the Brief of Assured Guaranty Municipal Corp. in Support of Notice of Asserted Right to Vote Certain Claims in Class 1A.

231, Class 1A-263, Class 1A-265, Class 1A-266, Class 1A-270, Classes 1A-272 through 1A-277, Class 1A-321, and Class 1A-322.

As set forth more fully in the brief in support of this Voting Notice, attached hereto as Exhibit 3, Assured has the right to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds because (i) the beneficial holders of Assured DWSD Bonds have surrendered all voting and decision-making authority to Assured under the applicable bond documents; (ii) transfers of voting rights are enforceable in bankruptcy even under less compelling circumstances than here; and (iii) Assured is fully subrogated to the rights of the beneficial holders of the Assured DWSD Bonds.

Therefore, Assured seeks an order, substantially in the form attached hereto as Exhibit 1: (i) granting Assured the exclusive right to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds; (ii) disallowing any vote cast by any party other than Assured with respect to any claim arising from the Assured DWSD Bonds; and (iii) granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
May 23, 2014

CHADBOURNE & PARKE LLP

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EXHIBITS

Exhibit 1	Proposed Order
Exhibit 2	Notice
Exhibit 3	Brief in Support
Exhibit 4	Certificate of Service
Exhibit 5	Affidavits [None]
Exhibit 6A	Assured Sewer Proof of Claim
Exhibit 6B	Assured Insurer Protections
Exhibit 6C	Assured Water Proof of Claim
Exhibit 6D	Impaired Assured-Insured DWSD Bonds Under Fourth Amended Plan of Adjustment
Exhibit 6E	2012(A) Sewer Bond Specimen

Exhibit 1
Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	

**ORDER AUTHORIZING
ASSURED GUARANTY MUNICIPAL CORP.
TO VOTE CERTAIN CLAIMS IN CLASS 1A**

This matter coming before the Court on the Assured Guaranty Municipal Corp. Notice of Asserted Right to Vote Certain Claims in Class 1A (the “Voting Notice”), filed by Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., (“Assured”); and the Court being fully advised in the premises;

IT IS HEREBY ORDERED THAT:

1. Assured is the sole party authorized to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds,¹ as set forth in the Voting Notice.

¹ Capitalized terms not otherwise defined herein shall have the meaning given to them in the Brief of Assured Guaranty Municipal Corp. in Support of Notice of Asserted Right to Vote Certain Claims in Class 1A.

2. The City shall disregard all votes submitted on any claim arising from the Assured DWSD Bonds by any party other than Assured.

Exhibit 2

Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

CITY OF DETROIT, MICHIGAN

Debtor.

Chapter 9

Case No. 13-53846

Hon. Steven W. Rhodes

NOTICE AND OPPORTUNITY TO OBJECT

PLEASE TAKE NOTICE, that Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc. (“Assured”), has filed papers with the Court asserting the right to vote and make the DWSD Election¹ with respect to all claims classified in the following classes by the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit* (May 5, 2014) [Docket No. 4392]: Classes 1A-125 through 1A-135, Classes 1A-142 through 1A-145, Classes 1A-148 through 1A-152, Classes 1A-160 through 1A-164, Classes 1A-227 through 1A-231, Class 1A-263, Class 1A-265, Class 1A-266, Class 1A-270, Classes 1A-272 through 1A-277, Class 1A-321, and Class 1A-322.

Assured has filed this notice in accordance with the voting dispute resolution procedures established by the *Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* [Docket No. 2984] and as modified by the *Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of Adjustment* [Docket No. 4202].

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not want the court to grant the relief sought in this notice, or if you want the court to consider your views on the notice, by **June 24, 2014** you or your attorney must:

¹ Capitalized terms not otherwise defined herein shall have the meaning given to them in the Brief of Assured Guaranty Municipal Corp. in Support of Notice of Asserted Right to Vote Certain Claims in Class 1A.

1. File with the court a written response or an answer, explaining your position at:²

United States Bankruptcy Court
211 W. Fort Street, Suite 2100
Detroit, Michigan 48226

If you mail your response to the court for filing, you must mail it early enough so the court will **receive** it on or before the date stated above. All attorneys are required to file pleadings electronically.

You must also mail a copy to:

Lawrence A. Larose
Samuel S. Kohn
CHADBOURNE & PARKE LLP
30 Rockefeller Plaza
New York, NY 10112

2. If a response or answer is timely filed and served, Assured will be permitted to file a reply brief in support of the notice by **July 2, 2014** and a hearing will be held on **July 14, 2014 at 10:00 a.m.**

If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the notice and may enter an order granting that relief.

² Response or answer must comply with F. R. Civ. P. 8(b), (c) and (e).

Dated: New York, New York
May 23, 2014

CHADBOURNE & PARKE LLP

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Exhibit 3

Brief

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

CITY OF DETROIT, MICHIGAN

Debtor.

Chapter 9

Case No. 13-53846

Hon. Steven W. Rhodes

**BRIEF OF ASSURED GUARANTY MUNICIPAL CORP.
IN SUPPORT OF NOTICE OF
ASSERTED RIGHT TO VOTE CERTAIN CLAIMS IN CLASS 1A**

Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc. (“Assured”)¹ a creditor and party in interest in the above-captioned chapter 9 case of the City of Detroit, Michigan (the “City”), hereby files the following brief (the “Brief”) in support of the *Notice of Assured Guaranty Municipal Corp.’s Right to Vote a Claim* (the “Notice”) in accordance with the *Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* [Docket No. 2984] (the “Solicitation Procedures Order”), as amended by the *Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of*

¹ Assured is a monoline insurer that provides financial guarantees to the U.S. public finance market. Assured and its affiliates insure or reinsure approximately \$2.24 billion in gross aggregate principal amount of outstanding bonds issued by the City, including water supply system bonds, sewage disposal system bonds, and unlimited tax general obligation bonds.

Adjustment [Docket No. 4202] (the “Fourth Amended Procedures Order”).² In support of this Brief, Assured states as follows:

I. BACKGROUND³

1. The Detroit Water and Sewerage Department (the “DWSD”) is a department of the City responsible for the City’s sewage disposal system and the City’s water supply system. See Disclosure Statement, at 87.

A. Sewer Bonds

2. In accordance with the authorizing resolutions enacted by the City Council of Detroit, the City’s legislative body, the City issued numerous series of Sewage Disposal System Revenue Bonds and Sewage Disposal System Revenue Refunding Bonds (collectively, the “Sewer Bonds”) pursuant to Ordinance No. 27-86, as amended and restated by Ordinance No. 18-01 (the “Sewer Bond Ordinance”) and Chapter 141 of the Michigan Public Acts, including Act 94 of 1933, the Revenue Bond Act of 1933 (the “Revenue Bond Act”), Michigan Compiled Laws § 141.101, *et seq.*, as amended.

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* [Docket No. 4392] (the “Plan”) or the *Fourth Amended Disclosure Statement with Respect to Fourth Amended Plan for the Adjustment of Debts of the City of Detroit* [Docket No. 4391] (the “Disclosure Statement”).

³ Copies of all DWSD Bond Documents discussed herein are available at <http://www.detroitwaterandsewerbonds.com>.

3. The City has issued the following series of Sewer Bonds that are insured by Assured, as described below (collectively, the “Assured Sewer Bonds”):

- Sewage Disposal System Senior Lien Revenue Refunding Bonds (Variable Rate Demand) Series 2001(C-1), issued pursuant to the August 1, 2001 Resolution, as amended on October 10, 2001, and a sale order issued by the then finance director on September 26, 2001 (the “2001 Sale Order”);
- Sewage Disposal System Senior Lien Revenue and Refunding Bonds Series 2003(A) and Sewage Disposal System Senior Lien Revenue Bonds (Variable Rate Demand) Series 2003(B) (together, the “2003 Sewer Bonds”), issued pursuant to the May 7, 2003 Resolution and sale orders issued for the respective series by the then finance director on May 14, 2003 (together, the “2003 Sewer Sale Order”);
- Sewage Disposal System Senior Lien Revenue Refunding Bonds Series 2004(A) (the “2004 Sewer Bonds”), issued pursuant to the May 7, 2003 Resolution and a sale order issued by the then finance director on January 9, 2004 (the “2004 Sewer Sale Order”);
- Sewage Disposal System Revenue Refunding Senior Lien Bonds (Tax-Exempt Floating LIBOR Notes) Series 2006(D) (the “2006 Sewer Bonds”), issued pursuant to the February 15, 2006 Resolution and a sale order issued by the then finance director on November 29, 2006 (the “2006 Sewer Sale Order”); and
- Sewage Disposal System Revenue and Revenue Refunding Senior Lien Bonds Series 2012(A) (the “2012 Sewer Bonds”), issued pursuant to the July 19, 2011 Resolution and a sale order issued by the then finance director on June 20, 2012 (the “2012 Sewer Sale Order” and, collectively with the 2001 Sewer Sale Order, the 2003 Sewer Sale Order, the 2004 Sewer Sale Order and the 2006 Sewer Sale Order, the “Sewer Sale Orders”).

4. Assured, under both its former name, Financial Security Assurance Inc., and current name, issued municipal bond insurance policies (the “Assured”

Sewer Policies”) insuring the City’s payment obligations under the Assured Sewer Bonds as set forth below:⁴

Sewer Bond Series	Policy Number	Effective Date	Insurer
2001(C-1)	28051-N	October 23, 2001	Assured under its former name Financial Security Assurance Inc.
2003(A)	200899-N	May 22, 2003	Assured under its former name Financial Security Assurance Inc.
2003(B)	200927-N	May 22, 2003	Assured under its former name Financial Security Assurance Inc.
2004(A)	202370-N	February 12, 2004	Assured under its former name Financial Security Assurance Inc.
2006(D)	207713-N	December 14, 2006	Assured under its former name Financial Security Assurance Inc.
2012(A)	214930-N	June 26, 2012	Assured under its current name Assured Guaranty Municipal Corp.

5. Each of the Sewer Sale Orders, with the exception of the 2012 Sewer Sale Order, includes or incorporates an “FSA Supplement” that provides additional protections to Assured (the “Assured Insurer Protections,” a true and correct representative copy of which is attached hereto as Exhibit “6B”), formerly known

⁴ True and correct copies of the Assured Sewer Policies are attached as Exhibit A to Assured’s proof of claim in respect of the Assured Sewer Bonds (Claim number 1167), a true and correct copy of which is attached hereto as Exhibit “6A.”

as Financial Security Assurance Inc.⁵ Because the 2012 Sewer Sale Order was issued before Assured entered into an Amended and Restated Municipal Bond Insurance Commitment, the Assured Insurer Protections are contained as Exhibit B to such insurance commitment rather than as a supplement to the 2012 Sewer Sale Order.⁶

6. Additionally, the City, the DWSD and U.S. Bank National Association, as Trustee, entered into a trust indenture relating to the outstanding secured obligations of the City's sewage system, dated as of June 1, 2012 (the "Sewer Trust Indenture").

B. Water Bonds

7. In accordance with an authorizing resolution enacted on November 18, 2005 by the City Council of Detroit and sale orders issued by the City's then finance director, the City also issued numerous series of Water Supply System

⁵ The FSA Supplements are found in different locations within the Sale Order for each Series of Bonds:

2001 Sewer Bonds – located in Exhibit 10.01 of the VRM Supplement, which is an exhibit to the 2001 Sewer Sale Order.

2003 Sewer Bonds – located in Annex C to the 2003 Sewer Sale Order.

2004 Sewer Bonds – the FSA Supplement for the 2003 Sewer Bonds is incorporated by reference into the 2004 Sewer Bonds by Section 1 of the Supplement and Signature Pages Relating of the 2004 Sale Order.

2006 Sewer Bonds – located in Exhibit A of the 2006 Sewer Sale Order.

⁶ Section 5.6 of the 2012 Sewer Sale Order provides that "Execution of the commitment by Assured Guaranty Municipal Corp. to provide a Municipal Bond Insurance Policy . . . and the proposed [Municipal Bond Insurance Policy] are hereby ratified and approved upon the terms and conditions set forth in such commitment." 2012 Sewer Sale Order, at § 5.4. The Assured Insurer Protections as contained in Exhibit B to the insurance commitment are included within the "terms and conditions set forth in such commitment."

Revenue Bonds and Water Supply System Revenue Refunding Bonds (collectively, the “Water Bonds” and, together with the Sewer Bonds, the “Existing DWSD Bonds”) pursuant to Ordinance No. 01-05 (the “Water Bond Ordinance” and, together with the Sewer Bond Ordinance, the “DWSD Bond Ordinances”) and Chapter 141 of the Michigan Public Acts, including the Revenue Bond Act, Michigan Compiled Laws § 141.101 *et seq.*, as amended.

8. The City has issued the following series of Water Bonds that are insured by Assured, as described below (collectively, the “Assured Water Bonds” and, together with the Assured Sewer Bonds, the “Assured DWSD Bonds”):

- Water Supply System Revenue Senior Lien Bonds Series 2006(A) (the “2006(A) Water Bonds”), issued pursuant to the Resolution and a sale order issued by the then finance director on July 19, 2006 (the “2006(A) Water Sale Order”);
- Water Supply System Revenue Second Lien Bonds (Variable Rate Demand) Series 2006(B) (the “2006(B) Water Bonds”), issued pursuant to the Resolution and a sale order issued by the then finance director on August 15, 2006 (the “2006(B) Water Sale Order”);
- Water Supply System Revenue Refunding Second Lien Bond Series 2006(C) (the “2006(C) Water Bonds”), issued pursuant to the Resolution and a sale order issued by the then finance director on July 19, 2006 (the “2006(C) Water Sale Order”); and
- Water Supply System Revenue Refunding Senior Lien Bond Series 2006(D) (the “2006(D) Water Bonds”), issued pursuant to the Resolution and a sale order issued by the then finance director on July 19, 2006 (the “2006(D) Water Sale Order” and, collectively with the 2006(A) Water Sale Order, the 2006(B) Water Sale Order, and the 2006(C) Water Sale Order, the “Water Sale Orders”).

9. Assured, under its former name, Financial Security Assurance Inc., issued municipal bond insurance policies (the “Assured Water Policies” and, together with the Assured Sewer Policies, the “Assured Policies”) insuring the City’s payment obligations under the Assured Water Bonds as set forth below:⁷

Water Bond Series	Policy Number	Effective Date
2006(A)	207165-N	August 16, 2006
2006(B)	207164-N	August 16, 2006
2006(C)	207167-N	August 16, 2006
2006(D)	207166-N	August 16, 2006

10. The 2006(A) Water Sale Order and 2006(D) Water Sale Order contain the Assured Insurer Protections in a supplement titled “Exhibit A: Senior Lien Insurer Protections.” The 2006(B) Water Sale Order and 2006(C) Water Sale Order contain the Assured Insurer Protections in a supplement titled “Exhibit A: Second Lien Insurer Protections.”

11. Additionally, the City, the DWSD and U.S. Bank National Association, as Trustee, entered into a trust indenture relating to the outstanding secured obligations of the City’s water supply system, dated as of February 1, 2013 (the “Water Trust Indenture” and, together with the Sewer Trust Indenture, the “DWSD Trust Indentures”).

⁷ True and correct copies of the Assured Water Policies are attached as Exhibit A to Assured’s proof of claim in respect of the Assured Water Bonds (Claim number 1166) (the “Assured Water Bonds Proof of Claim”), a true and correct copy of which is attached hereto as Exhibit “6C.”

C. Plan Treatment of the Existing DWSD Bonds

12. On February 20, 2014, Assured filed the Assured Sewer Bonds Proof of Claim and the Assured Water Bonds Proof of Claim, which assert claims arising from the Assured DWSD Bonds (and the Assured Policies and Assured Insurer Protections).

13. Under the Plan, the claims arising from the Assured DWSD Bonds have been classified within the series of Classes 1A-1 through 1A-337 – DWSD Bond Claims. See Plan, Exhibit I.A.110. Certain classes of these claims have been classified as impaired and entitled to vote under the Plan, a list of which is provided in the chart attached hereto as Exhibit “6D” (the “Assured Voting Classes”), while others have been arbitrarily classified as purportedly unimpaired and denied the right to vote on the Plan.

14. As discussed in detail below, Assured is the sole holder of the Assured DWSD Bonds for the purposes of exercising any voting rights or privilege, or giving any consent or direction. Therefore, Assured has the exclusive right to vote claims arising from the Assured DWSD Bonds. For the same reason, Assured has the exclusive right to make the election provided for in the Plan⁸ (the

⁸ The Plan provides that holders of Existing DWSD Bonds that are classified as impaired under the Plan may elect, subject to certain conditions, for the City to distribute New Existing Rate DWSD Bonds instead of New DWSD Bonds. See Plan, at 27; Disclosure Statement, at 45.

“DWSD Election”) with respect to all claims arising from the Assured DWSD Bonds.

II. ASSURED IS ENTITLED TO VOTE AND MAKE THE DWSD ELECTION WITH RESPECT TO ALL CLAIMS ARISING FROM THE ASSURED DWSD BONDS

15. Under the terms of the DWSD Bond Documents, Assured possesses the exclusive right to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds because it is the sole holder of the Assured DWSD Bonds and has been explicitly granted the rights and powers of the beneficial holders of the Assured DWSD Bonds.

A. The Beneficial Holders of Assured DWSD Bonds Have Surrendered all Voting and Decision-Making Authority to Assured

16. Assured possesses the exclusive right to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds because the beneficial holders of Assured DWSD Bonds surrendered all voting and decision-making authority in this case to Assured in exchange for Assured guaranteeing the scheduled payment of the Assured DWSD Bonds when due in accordance with the terms of the Assured Policies. Secured bondholders that unequivocally surrender their bankruptcy rights or privileges (including voting rights) to a monoline insurer as a *quid pro quo* for the monoline insurer issuing financial guaranty insurance in respect of their bonds are precluded from taking action in violation of such surrender. See In re American Roads LLC, 496 B.R.

727, 729 (Bankr. S.D.N.Y. 2013) (“curtailment of rights . . . is clearly enunciated in the relevant contracts . . . and, therefore, forecloses the Bondholders' participation in these proceedings.”). For example, in the American Roads bankruptcy case, the court was asked to consider whether secured bondholders could participate in the bankruptcy case despite having surrendered their rights to a monoline insurer through contractual “no action” clauses. See id. Predictably, the bankruptcy court found that the bondholders were precluded from participating in the case in violation of the bond and insurance documents. See id. at 732.

17. In reaching this conclusion, the bankruptcy court relied on the governing bond and insurance documents, which provided that the insurer: (a) was deemed the “sole holder” and the “sole representative” for all purposes under the financing documents; (b) controlled the enforcement of rights and remedies with respect to the bonds; and (c) possessed the authority to direct the trustee. See id. at 730. In effect, in exchange for the insurer agreeing to provide financial guaranty insurance, bondholders surrendered substantially all of their rights and powers with respect to the bonds, save for the residual right to collect payment when due.

18. Here, Assured possesses exclusive authority to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds because, as in American Roads, the beneficial holders of the Assured DWSD Bonds have surrendered virtually all of their rights, save for the right to collect

principal and interest when due, to Assured in exchange for Assured issuing the Assured Policies.

19. First, as with the insurer in American Roads, Assured is explicitly the sole holder of the Assured DWSD Bonds:

[Assured] shall be deemed to be the *sole holder of the* [Assured DWSD Bonds] for the purpose of exercising *any voting right or privilege* or giving any consent or direction or taking any other action that the holders of the [Assured DWSD Bonds] are entitled to take pursuant to the [DWSD Bond Ordinances] or the Related Documents.

See Assured Insurer Protections, at § 1.2 (emphasis added). The DWSD Bond Documents thus make Assured's right to vote explicit.⁹ See Assured Insurer Protections, at § 1.2 (granting Assured the exclusive right to “exercis[e] any voting right or privilege” with respect to the Assured DWSD Bonds).

20. Second, and again as with the insurer in American Roads, Assured controls the exercise of remedies with respect to the Assured DWSD Bonds. Under the DWSD Bond Ordinances, DWSD Bondholders:

representing in the aggregate not less than 20% of the entire principal amount thereof then Outstanding, may, by suit, action, mandamus or other proceeding, protect and enforce the statutory lien on Pledged Assets and may, by suit, action, mandamus or other proceedings,

⁹ Even if the applicable DWSD Bond Documents did not explicitly grant Assured the exclusive right to vote all claims arising from the Assured DWSD Bonds, as the sole holder of the Assured DWSD Bonds, Assured would nevertheless be entitled to exercise all bankruptcy voting rights with respect thereto. See 11 U.S.C. § 1126(a) (“the holder of a claim . . . may accept or reject a plan.”).

enforce and compel performance of all duties of the officers of the City, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the Sewer System and the proper application thereof.

...

(C) . . . shall have all other rights and remedies given by Act 94 and by law for the payment and enforcement of the [Existing DWSD Bonds] and the security therefore.

Sewer Bond Ordinance, at § II.7(a); Water Bond Ordinance, at § 7(a). Thus, any DWSD Bondholder that holds or represents holders of at least 20 percent of the outstanding DWSD Bonds is authorized to exercise remedies with respect to the DWSD Bonds in *any* proceeding, including this chapter 9 case. As noted above, Assured is the sole holder of all Assured DWSD Bonds. See Assured Insurer Protections, at § 1.2. Further, the Assured Sewer Bonds constitute more than 20 percent by principal of outstanding Sewer Bonds. See Plan, Exhibit I.A.168 (Assured insures \$866,915,000.00 of \$2,787,300,054.00, or approximately 31 percent, of outstanding Sewer Bonds). Likewise the Assured Water Bonds constitute more than 20 percent by principal of outstanding Water Bonds. See Plan, Exhibit I.A.168 (Assured insures \$738,755,000.00 of \$2,484,925,000.00 or approximately 30 percent of outstanding Water Bonds). Accordingly, as with the insurer in American Roads, Assured controls the exercise of remedies with respect to the Assured DWSD Bonds (and, indeed, may enforce remedies as to all

outstanding DWSD Bonds). See Sewer Bond Ordinance, at § II.7(a); Water Bond Ordinance, at § 7(a). Indeed, Assured is explicitly a third-party beneficiary of all financing documents related to the Assured DWSD Bonds for the purpose of enforcing the rights granted to Assured thereunder. See Assured Insurer Protections, at § 1.17.

21. Third, Assured is entitled to direct the Trustee to take actions to enforce the provisions of applicable law and the DWSD Trust Indentures. Under the DWSD Trust Indentures, DWSD Bondholders holding at least 20 percent of the aggregate principal amount outstanding may direct the Trustee to take any actions necessary to enforce the DWSD Trust Indentures and applicable law. See Sewer Trust Indenture, at § 5.02; Water Trust Indenture, at § 5.02. As just described, Assured is the sole holder of the Assured Sewer Bonds, which constitute more than 20 percent of the outstanding Sewer Bonds by principal. See Assured Insurer Protections, at § 1.2; Plan, Exhibit I.A.168 (Assured insures \$866,915,000.00 of \$2,787,300,054.00, or approximately 31 percent, of outstanding Sewer Bonds). Likewise, Assured is the sole holder of the Assured Water Bonds, which constitute more than 20 percent of the outstanding Water Bonds by principal. See Assured Insurer Protections, at § 1.2; Plan, Exhibit I.A.168 (Assured insures \$738,755,000.00 of \$2,484,925,000.00 or approximately 30 percent of outstanding Water Bonds).

22. Thus, the beneficial holders of the Assured DWSD Bonds have surrendered all of their voting and decision-making rights with respect to the Assured DWSD Bonds in this case to Assured in exchange for Assured guaranteeing the scheduled payment of the Assured DWSD Bonds when due in accordance with the terms of the Assured Policies. As demonstrated by American Roads, that bargained-for exchange of rights is fully enforceable in bankruptcy. See In re American Roads LLC, 496 B.R. at 732.

23. Indeed, enforcing Assured's exclusive right to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds is the only equitable result. The Bankruptcy Code is carefully crafted to ensure that only parties with a true financial stake in a debtor are empowered to shape the outcome of such debtor's bankruptcy case by voting on a bankruptcy plan. See In re Combustion Eng'g, Inc., 391 F.3d 190, 244 (3d Cir. 2004) (voting rights "ensure[] the terms of the reorganization are monitored by those who have a financial stake in its outcome"). By guaranteeing the scheduled payment of the Assured DWSD Bonds when due in accordance with the terms of the Assured Policies, Assured has replaced the beneficial holders of the Assured DWSD Bonds as the only true financial stakeholder with respect to the Assured DWSD Bonds. Thus, permitting any party other than Assured to cast a vote with respect to claims

arising from the Assured DWSD Bonds would be inequitable and wholly at odds with the purposes of the Bankruptcy Code.

B. Transfers of Voting Rights are Enforceable in Bankruptcy Even under Less Compelling Circumstances than Here

24. Critically, Assured is entitled vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds because, under the plain terms of the DWSD Bond Documents, Assured is the sole holder of the Assured DWSD Bonds. See Assured Insurer Protections, at § 1.2. However, even in the analogous but less compelling context of subordination agreements—which generally do not make the beneficiary of the subordination agreement the holder of the subordinated bonds—bankruptcy courts have repeatedly enforced assignments of voting rights. See, e.g., In re Coastal Broad. Sys., Inc., No. 11-10596, 2012 WL 2803745, at *7-8 (Bankr. D. N.J. July 6, 2012), aff'd, No. 12-5682, 2013 WL 3285936, at *5-6 (D. N.J. June 28, 2013); Blue Ridge Investors, II, LP v. Wachovia Bank, N.A. (In re Aerosol Packaging, LLC), 362 B.R. 43, 45 (Bankr. N.D. Ga. 2006); In re Curtis Center Ltd. Partnership, 192 B.R. 648, 660 (Bankr. E.D. Pa. 1996); In re Inter Urban Broadcasting Cincinnati, Inc., No. 94-2382, 1994 WL 646176, at *2 (E.D. La. Nov. 16, 1994); In re David Broadcasting, Inc., 169 B.R. 229, 234 (Bankr. M.D. Ga. 1994), rev'd on other grounds, 176 B.R. 290 (M.D. Ga. 1994); In re Itemlab, Inc., 197 F.Supp. 194, 197-98. (E.D.N.Y. 1961).

25. For example, in In re Aerosol Packaging, LLC, a debtor and a preexisting creditor entered into a prepetition agreement in favor of a new third party senior lender that (a) subordinated the preexisting creditor's right of recovery to the new third party senior lender and (b) provided that the new third party senior lender would be entitled to vote the preexisting creditor's claims. See 362 B.R. at 45. When the debtor filed for bankruptcy, the bankruptcy court held that the transfer of voting rights was enforceable, even absent a transfer of the underlying claim. See id. at 47. In reaching that decision, the court reasoned that "[s]ection 1126(a) grants a right to vote to a holder of a claim, but does not expressly or implicitly prevent that right from being delegated or bargained away by such holder." Id. at 48.

26. Here, Assured's position is significantly stronger than that of the third party senior lender in Aerosol Packaging. Through the DWSD Bond Documents, the beneficial holders of the Assured DWSD Bonds bargained away, and Assured was expressly granted, the exclusive right to "exercis[e] any voting right or privilege" with respect to the Assured DWSD Bonds in exchange for Assured's guarantee of payment on the Assured DWSD Bonds in accordance with the terms of the Assured Policies. See Assured Insurer Protections, at § 1.2. Thus, by straightforward application of Aerosol Packaging and similar decisions, Assured is entitled to vote and make the DWSD Election with respect to all claims arising

from the Assured DWSD Bonds. But this court need not even go that far to reach the same result. As described above, Assured is the sole holder of the Assured DWSD Bonds. See Assured Insurer Protections, at § 1.2 (“[Assured] shall be deemed to be the *sole holder of the* [Assured DWSD Bonds]”). Thus, this Court need not address whether voting rights can be severed from the underlying claim. Here, Assured holds both the Assured DWSD Bonds and the associated voting and election rights.¹⁰

C. Assured is Fully Subrogated to the Rights of the Beneficial Holders of the Assured DWSD Bonds

27. Finally, Assured is entitled vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds because it is a contractual and common law subrogee of the beneficial holders of the Assured DWSD Bonds.

i. *Assured is Fully Contractually Subrogated to the Rights of the Beneficial Holders of the Assured DWSD Bonds*

28. Numerous provisions of the bond documents and the Assured Policies expressly provide that Assured is fully subrogated to all rights of the beneficial holders of the Assured DWSD Bonds. For example, the bond specimens for the

¹⁰ For precisely this reason, In re 203 North LaSalle Street Partnership, 246 B.R. 325, 330-32 (Bankr. N.D. Ill. 2000) and Beatrice Foods Co. v. Hart Ski Mfg. Co. (In re Hart Ski Mfg. Co.), 5 B.R. 734, 736 (Bankr. D. Minn. 1980), which held that substantive bankruptcy rights may not be severed from the underlying claim, are inapposite. Here, Assured is the sole holder of the Assured DWSD Bonds and is thus not requesting that voting rights be severed from the underlying claims.

2012(A) Bonds provide, “*The owner of this bond acknowledges and consents to the subrogation rights of Assured Guaranty as more fully set forth in the Policy.*”

2012(A) Sewer Bond Specimen (emphasis added), a true and correct copy of which is attached hereto as Exhibit “6E.” Moreover, the Assured Policies provide that “[Assured] . . . shall be fully subrogated to the rights of the Owner” Assured Policies, at 1.

29. As a subrogee of the beneficial holders of the Assured DWSD Bonds, Assured is entitled to all rights of the beneficial holders of the Assured DWSD Bonds with respect to the claims arising from the Assured DWSD Bonds, including the right to vote and make the DWSD Election:

Under the Subrogation Clause, therefore, [the subrogee] steps into the shoes of [the subrogor] with respect to the claim against [the debtor] and acquires all of [the subrogor’s] rights with respect to that claim. [The subrogor’s] right to vote on [the debtor’s] reorganization plan flows from its claim in bankruptcy against [the debtor]. As a result, [the subrogee] succeeds to that right as subrogee of [the subrogor] and as the effective holder of [the subrogor’s] claim.

Avondale Gateway Center Entitlement, LLC v. Nat’l Bank of Arizona, No. CV10-1772-PHX-DGC, 2011 WL 1376997, at *3 (D. Ariz. Apr. 12, 2011).¹¹

Accordingly, Assured is contractually subrogated to all rights of the holder of the

¹¹ See also, In re American Roads LLC, 496 B.R. 727 (Bankr. S.D.N.Y. 2013); Rosenfeld v. Coastal Broadcasting Systems, Inc. (In re Coastal Broadcasting Systems, Inc.), 2013 WL 3285936, (D.N.J. June 28, 2013); Blue Ridge Investors, II, LP v. Wachovia Bank, N.A. (In re Aerosol Packaging, LLC), 362 B.R. 43 (Bankr. N.D. Ga. 2006).

Assured DWSD Bonds, including the right to vote and make the DWSD Election with respect to all claims arising from the Assured DWSD Bonds.

ii. *Assured is Fully Equitably Subrogated to the Rights of the Beneficial Holders of the Assured DWSD Bonds*

30. Finally, Assured is fully subrogated to all rights of the beneficial holders of the Assured DWSD Bonds under the common law doctrine of equitable subrogation. At its core, equitable subrogation is a “flexible and elastic equitable doctrine,” Atlanta Int’l Ins. Co. v. Bell, 475 N.W.2d. 294, 298 (Mich. 1991), that “ought to be liberally applied to the protection of those who are its natural beneficiaries,” Fed. Ins. Co. v. Arthur Andersen, 75 N.Y.2d 366, 373 (N.Y. 1990). While the bond documents and Assured Policies provide that Assured is subrogated to the rights of the beneficial holders of the Assured DWSD Bonds to the extent of payment (and generally payment, and therefore loss to Assured, precedes subrogation), in certain circumstances, insurers may be subrogated to the rights of the insured prior to the insurer making a payment. See, e.g., Fid. & Cas. Co. of N.Y. v. First Nat’l Bank in Fort Lee, 397 F. Supp. 587 (D. N.J. 1975). In that case, the court noted that “[s]ubrogation . . . is applied pursuant to equitable standards and with due regard to the legal and equitable rights of others.” Id. at 589. In applying subrogation, the court held that “the most equitable result would be derived by giving a right of subrogation to the insurer” where the insurer had made the insured whole, but had not yet suffered a loss of its own. Id. at 590.

Such a result was proper as it would avoid “an unnecessary legal fiction” of the insured proceeding on its own when it would only really be acting as “constructive trustee for the insurer.” Id.

31. Here, Assured is fully subrogated to the rights of the beneficial holders of the Assured DWSD Bonds because it has agreed to make them whole in accordance with the terms of the Assured Policies. Although Assured has not yet suffered any loss with respect to its obligation under the Assured Policies, suffering a loss is not a prerequisite to equitable subrogation. See, e.g., Kumar v. Am. Transit Ins. Co., 49 A.D.3d 1353, 1355 (N.Y. Sup. Ct. 2008) (“We reject the contention . . . that the principle of equitable subrogation does not apply because [the insurer] has not yet paid the loss of its insured.”); Allianz Underwriters Ins. Co. v. Landmark Ins. Co., 13 A.D.3d 172, 175 (N.Y. Sup. Ct. 2004) (“Contingent claims by subrogees have been recognized, especially where it would further judicial economy.”); Fed. Sav. & Loan Ins. Corp. v. Aetna Cas. & Sur. Co., 696 F. Supp. 1190, 1195 (E.D. Tenn. 1988) (an insurer may “bring an action against third-parties who may be liable to the insurer for monies the insurer may have to pay under the bond, even if no money has yet been paid”). Thus, it would be an “unnecessary legal fiction” for the beneficial holders of the Assured DWSD Bonds to proceed as a “constructive trustee” for the benefit of Assured, as least with respect to voting and making the DWSD Election.

III. PROPER TREATMENT FOR PURPOSES OF SECTION 1126(c) OF THE BANKRUPTCY CODE

32. This Court need not decide how Assured's votes will be treated for numerosity purposes of section 1126(c) of the Bankruptcy Code. Section 1126(c) provides that a class accepts a plan if at least two-thirds by amount and more than half in number of all allowed claims in such class that vote, vote to accept the plan. See 11 U.S.C. § 1126(c). In this case, however, Assured will control every Assured Voting Class regardless of how this Court determines Assured's votes should be treated for numerosity purposes of section 1126(c).

33. Under the Plan, each CUSIP of Existing DWSD Bonds is classified as a separate class. See Plan, Exhibit I.A.110. Assured does not insure any partial CUSIPs of Existing DWSD Bonds, but rather insures whole CUSIPs of Existing DWSD Bonds. See Exhibit Plan, I.A.168. Because Assured possesses exclusive authority to vote all claims arising from the Existing DWSD Bonds that it insures, Assured will be the sole voter for each Assured Voting Class. As the sole voter, Assured's vote(s) will satisfy both the amount and numerosity requirements of section 1126(c) of the Bankruptcy Code regardless of how Assured's vote(s) are tabulated. See 11 U.S.C. § 1126(c).

WHEREFORE, Assured respectfully requests that the Court enter an order: (i) granting Assured the exclusive right to vote and make the DWSD Election with respect to all claims in the Assured Voting Classes; (ii) disallowing any vote cast

by a party other than Assured with respect to any claim in the Assured Voting Classes; and (iii) granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
May 23, 2014

CHADBOURNE & PARKE LLP

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*Attorneys for Assured Guaranty
Municipal Corp.*

Exhibit 4
Certificate of Service

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

CITY OF DETROIT, MICHIGAN

Debtor.

Chapter 9

Case No. 13-53846

Hon. Steven W. Rhodes

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of May 2014, I caused the *Assured Guaranty Municipal Corp. Notice of Asserted Right to Vote Certain Claims in Class 1A* to be filed with the Clerk of the Court using the CM/ECF system, which provides electronic notification of such filing to all counsel of record.

Dated: May 23, 2014
New York, New York

CHADBOURNE & PARKE LLP

By: /s/ Lawrence A. Larose

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Samuel S. Kohn

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*Attorneys for Assured Guaranty
Municipal Corp.*

Exhibit 5
Affidavits [None]

Exhibit 6A

ORIGINAL

B10 (Official Form 10) (04/13) (Modified)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT of MICHIGAN		CHAPTER 9 RECEIVED FEB 20 2014 KURTZMAN CARSON CONSULTANTS COURT USE ONLY
Name of Debtor: City of Detroit, Michigan		Case Number: 13-53846
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing.		
Name of Creditor (the person or other entity to whom the debtor owes money or property):		
Assured Guaranty Municipal Corp.		
Name and address where notices should be sent: Assured Guaranty Municipal Corp. 31 West 52nd Street New York, NY 10019 Attn: Kevin J. Lyons Tel: 212-339-3545 Email: Klyons@assuredguaranty.com Terence L. Workman Tel: 212-408-6053 Email: Tworkman@assuredguaranty.com	with copies to: Lawrence A. Larose Samuel S. Kohn Chadbourne & Parke LLP 30 Rockefeller Plaza New York, NY 10112 llarose@chadbourne.com skohn@chadbourne.com	
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Telephone number: _____ email: _____		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
1. Amount of Claim as of Date Case Filed: \$ <u>See attached Addendum</u>		<input checked="" type="checkbox"/> Date Stamped Copy Returned <input type="checkbox"/> No self addressed stamped envelope <input type="checkbox"/> No copy to return
If all or part of your claim is secured, complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: <u>Municipal Bond Insurance (Sewage Disposal System Revenue Bonds) – Insurer's Claim</u>		See attached Addendum
3. Last four digits of any number by which creditor identifies debtor:		3a. Debtor may have scheduled account as: _____ (See instruction #3a)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ <u>See attached Addendum</u> Basis for perfection: <u>See attached Addendum</u> Amount of Secured Claim: \$ <u>See attached Addendum</u> Amount Unsecured: \$ <u>See attached Addendum</u>
5. Amount of Claim Entitled to Priority as an Administrative Expense under 11 U.S.C. §§ 503(b)(9) and 507(a)(2).		\$ _____
5b. Amount of Claim Otherwise Entitled to Priority. Specify Applicable Section of 11 U.S.C. § _____		\$ _____
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		
7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements, or in the case of a claim based upon an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
8. Signature: (See instruction #8) Check the appropriate box. <input checked="" type="checkbox"/> I am the creditor. <input type="checkbox"/> I am the creditor's authorized agent. <input type="checkbox"/> I am the trustee, or the debtor or their authorized agent. <input type="checkbox"/> I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.) I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.		
Print Name: <u>Holly Horn</u> Title: <u>Chief Surveillance Officer – Public Finance</u> Company: <u>Assured Guaranty Municipal Corp.</u> Address and telephone number (if different from notice address above): <u>31 West 52nd Street New York, NY 10019</u>		(Signature) <u>Holly Horn</u> (Date) <u>2-18-2014</u>
Telephone number: (212) 339-3526 email: hhorn@assuredguaranty.com		

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years or both 18 USC §§ 159 and 3571

13-53846-swr Doc 5022-1 Filed 05/23/14 Entered 05/23/14 11:53:14 AM



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David M. Bava
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February 19, 2014

City of Detroit Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

Re: In re: City of Detroit, Michigan - Case No. 13-53846-swr
Proofs of Claim

Ladies and Gentlemen:

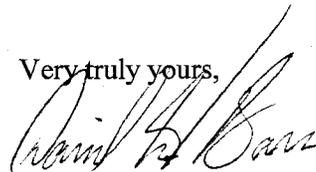
I enclose herewith an original set and one copy set for a total of six (6) proofs of claim to be filed on behalf of Assured Guaranty Municipal Corp. against the above-referenced debtor. Please file the original claims, stamp the marked copy set as evidence of filing and return them to the undersigned using the enclosed pre-addressed Federal Express airbill.

I will confirm receipt of the enclosed by contacting Joe Bunning on Thursday, February 20, 2014.

If you have any questions regarding the enclosed please feel free to contact me directly.

Thank you for your assistance with these filings.

Very truly yours,



David M. Bava
Case Manager

Enclosures

VIA OVERNIGHT DELIVERY

DMB/

cc: Samuel S. Kohn, Esq. (without Enclosures)
Mr. Seth Bloomfield (without Enclosures)



**Addendum to Proof of Claim
of Assured Guaranty Municipal Corp.**

This Addendum to Proof of Claim ("Addendum") shall be deemed to be a part of, and incorporated by reference into, the attached proof of claim (together with this Addendum and all Exhibits hereto, the "Claim") filed by Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc. (the "Claimant") against the City of Detroit, Michigan (the "Debtor"). On July 18, 2013 (the "Petition Date"), the Debtor filed a petition for relief under chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), at Case No. 13-53846-swr.

A. Statement of Claim

Claimant files this Claim, on its own behalf, for (1) all fees and expenses that have been currently paid by the Claimant in relation to certain insurance policies issued by the Claimant to insure sewage disposal system revenue bonds issued by the Debtor; (2) all future disbursements of insurance payments that Claimant may make in the future on these certain insurance policies and related fees and expenses; and (3) all disbursements that Claimant may pay in the future in relation to certain debt service reserve insurance policies and related expenses.

B. Basis for Claim

In accordance with the authorizing resolutions (the "Resolutions") enacted by the City Council of Detroit (the "City Council"), the Debtor's legislative body, the Debtor issued several series of Sewage Disposal System Revenue Bonds and Sewage Disposal System Revenue Refunding Bonds (collectively, the "Sewer Bonds") pursuant to Ordinance No. 27-86, as amended and restated by Ordinance No. 18-01 (collectively with Ordinance No. 27-86, the "Sewer Bond Ordinance") and Chapter 141 of the Michigan Public Acts, including Act 94 of

1933, the Revenue Bond Act of 1933, Michigan Compiled Laws § 141.101 *et seq.*, as amended. The Sewer Bonds were issued for the purpose of defraying part of the cost of acquiring and constructing replacements, repairs, extensions and improvements to the Debtor's sewage disposal system (the "System") and refunding certain outstanding Sewer Bonds.

Specifically, the Debtor has issued, among others, the following series of Sewer Bonds (collectively, the "Claimant Bonds"):

- Sewage Disposal System Senior Lien Revenue Refunding Bonds (Variable Rate Demand) Series 2001-C(1) (the "2001 Bonds"), issued pursuant to the August 1, 2001 Resolution as amended by the October 10, 2001 and a sale order issued by the then finance director on September 26, 2001 (the "2001 Sale Order");
- Sewage Disposal System Senior Lien Revenue and Refunding Bonds Series 2003(A) (the "2003(A) Bonds") and Sewage Disposal System Senior Lien Revenue Bonds (Variable Rate Demand) Series 2003(B) (the "2003(B) Bonds") and, collectively with the 2003(A) Bonds, the "2003 Bonds"), issued pursuant to the May 7, 2003 Resolution and sale orders issued by the then finance director on May 14, 2003 and May 22, 2003 (collectively, the "2003 Sale Order");
- Sewage Disposal System Senior Lien Revenue Refunding Bonds Series 2004(A) (the "2004 Bonds"), issued pursuant to the May 7, 2003 Resolution and a sale order issued by the then finance director on January 9, 2004 (the "2004 Sale Order"); and
- Sewage Disposal System Revenue Refunding Senior Lien Bonds (Tax-Exempt Floating LIBOR Notes) Series 2006(D) (the "2006 Bonds" and, collectively with the 2001 Bonds, the 2003 Bonds, and the 2004 Bonds, the "Claimant Bonds"), issued pursuant to the February 15, 2006 Resolution and a sale order issued by the then finance director on November 29, 2006 (the "2006 Sale Order");
- Sewage Disposal System Revenue and Revenue Refunding Senior Lien Bonds Series 2012(A) (the "2012 Bonds"), issued pursuant to the July 19, 2011 Resolution and a sale order issued by the then finance director on June 20, 2012 (the "2012 Sale Order" and, collectively with the 2001 Sale Order, the 2003 Sale Order, the 2004 Sale Order and the 2006 Sale Order, the "Sale Orders").

Claimant, under both its former name Financial Security Assurance Inc. and current name, issued municipal bond insurance policies (the "Claimant Policies," true and correct copies

of which are attached hereto as Exhibit A) insuring the Debtor's payment obligations under the Claimant Bonds.

Bond Series	Policy Number	Effective Date	Entity
2001(C-1)	28051-N	October 23, 2001	Claimant under its former name Financial Security Assurance Inc.
2003(A)	200899-N	May 22, 2003	Claimant under its former name Financial Security Assurance Inc.
2003(B)	200927-N	May 22, 2003	Claimant under its former name Financial Security Assurance Inc.
2004(A)	202370-N	February 12, 2004	Claimant under its former name Financial Security Assurance Inc.
2006(D)	207713-N	December 14, 2006	Claimant under its former name Financial Security Assurance Inc.
2012(A)	214930-N	June 26, 2012	Claimant under its current name Assured Guaranty Municipal Corp.

As of December 31, 2013, Claimant insures a gross par outstanding amount of \$866,495,000.00 of Claimant Bonds.

According to the Claimant Policies, and subject to certain limitations, Claimant is obligated to pay the registered owners of applicable Claimant Bonds (the "Claimant Bondholders") the face amount of principal and interest on any Claimant Bond that is then due for payment, but is then unpaid by reason of nonpayment by the Debtor (all payments made by Claimant to Claimant Bondholders on account of such obligation, the "Claimant Bond Insurance Payments"). The Claimant Policies provide that upon disbursement of Claimant Bond Insurance Payments, Claimant shall be fully subrogated to all of the Claimant Bondholders' rights, title and interest under the Claimant Bonds to the extent of any Claimant Bond Insurance Payments, including, without limitation, the right to receive payment from the Debtor under the Claimant Bonds.

Claimant, under its former name Financial Security Assurance Inc., also issued a debt service reserve insurance policy (the “DSRF Policy,” a true and correct copy of which is attached hereto as Exhibit B) as set forth below:

Policy Number	Related Bond Series¹	Gross Outstanding Amount
200899 R	2003(A) and 2003(B)	\$72,658,880

According to the DSRF Policy, and subject to certain limitations, Claimant is obligated to make payment to the Trustee or Paying Agent of the Sewer Bonds if the Debtor has failed to provide sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest that is due and owing on the Sewer Bonds (the “DSRF Payments”). Under the terms of the DSRF Policy, upon such payment, Claimant is entitled to contractual reimbursement of the amount so paid (together with interest and expenses).

Claimant’s claim² is based on the provisions of the Resolutions, the Sale Orders, the Claimant Policies, and all other documents entered into in connection with the issuance of the Claimant Bonds, the Claimant Policies, and all related transactions (collectively, the “Claimant Bond Documents”). Claimant is informed and believes that the Debtor has copies of all or substantially all of the Claimant Bond Documents in its possession or control. However, upon written request to counsel to Claimant at the notice address shown below, Claimant will make available copies of supporting documents reasonably requested by the Debtor to the extent such documents are in Claimant’s possession or control.

¹ In addition to the Series 2003(A) and Series 2003(B) Sewer Bonds, the DSRF Policy covers any additional senior lien Sewer Bonds issued pursuant to the Sewer Bond Ordinance.

² As such “claim” is defined in section 101(5)(A) of the Bankruptcy Code.

C. Amount and Nature of Claim

(1) Claimant's Secured, Fixed and Liquidated Claim for Reimbursement

Claimant asserts a secured, fixed and liquidated claim for reimbursement in the amount of \$1,656,525.59 for all charges, fees, costs, losses, liabilities and expenses heretofore incurred or paid by Claimant in connection with the Bonds and the Bond Documents, reimbursable under the Bond Documents and/or applicable law ("Fees and Expenses"), with interest thereon as set forth, and at the rates identified, in the Bond Documents (including default interest, as applicable) ("Interest").

Supplements to the 2001 Sale Order, 2003 Sale Order, 2004 Sale Order, and 2006 Sale Order, and the Amended and Restated Municipal Bond Insurance Commitment to the 2012 Bonds (the "2012 Commitment"),³ provide that the City shall pay or reimburse Claimant⁴ any and all charges, fees, costs and expenses which Claimant may reasonably pay or incur in connection with the following:

- the administration, enforcement, defense or preservation of any rights or security in any related document;
- the pursuit of any remedies under the Sewer Bond Ordinance or any other related document or otherwise afforded by law or equity;
- any amendment, wavier or other action with respect to, or related to, the Bond Ordinance or any other related document whether or not executed or completed;

³ Because the 2012 Sale Order was executed before Claimant entered into the 2012 Commitment, the analogous reimbursement provisions and other bond insurer protections are contained as exhibits to the 2012 Commitment rather than as a supplement to the 2012 Sale Order.

⁴ The supplements to the 2001 Sale Order, 2003 Sale Order, 2004 Sale Order, and 2006 Sale Order, containing these reimbursement provisions and other bond insurer protections, were entered under Claimant's former name Financial Security Assurance Inc. Under the terms of the supplements, Assured as successor to Financial Security Assurance Inc. is entitled to the protections provided in the supplements.

- the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it with respect to the Claimant Bonds; or
- any litigation or other dispute in connection with the Sewer Bond Ordinance or any other related document or the transactions contemplated thereby, other than amounts resulting from the failure of Claimant to honor its obligations under the Claimant Policies.

(2) *Claimant's Secured, Contingent and Unliquidated Claim*

(a) Claimant Policies

Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the Claimant Bond Documents, the Bankruptcy Code, and applicable law based on Claimant's rights of subrogation on account of any and all Claimant Bond Insurance Payments [in a principal amount of up to \$866,495,000.00] with Interest thereon. Claimant also asserts a secured, contingent and unliquidated claim for all related Fees and Expenses hereafter incurred or paid by Claimant, with Interest thereon.

Claimant asserts a secured claim as listed in the Debtor's schedules. The Claimant Bonds are secured by a statutory lien, as defined in section 101(53) of the Bankruptcy Code, on the revenues of the System pursuant to Sections 7(4) and 8 of Act 94 of 1933 enacted by the Michigan Legislature and the Sewer Bond Ordinance. Additionally, Claimant has a lien on the revenues of the System, which are special revenues within the meaning of 11 U.S.C. § 928, wholly dedicated to repayment of outstanding Sewer Bonds and not otherwise available to fund distributions to creditors under a plan of adjustment or for any other purpose.

(b) DSRF Policy

Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the DSRF

Policy, the Bankruptcy Code, and applicable law based on Claimant's right to contractual reimbursement for all amounts paid (together with interest and expenses).

D. Reservation of Rights and/or Remedies

Claimant is not required to assert any claims for administrative expenses at this time. Claimant reserves all rights to file a request for payment of administrative expenses in accordance with 11 U.S.C. § 503 and 11 U.S.C. § 507, including all Fees and Expenses.

Nothing contained in this Claim shall be construed as limiting any of Claimant's rights, remedies, or interests. The execution and filing of this Claim is not and shall not be deemed or construed as: (a) a submission by the Claimant to the jurisdiction of this Court or any other court with respect to this Claim or to proceedings, if any, commenced in any case against or otherwise involving the Claimant; (b) a waiver of the Claimant's right to amend or supplement any claim it has filed or will file that may be based on the same or additional facts and circumstances giving rise to the claims asserted herein; (c) a waiver or release of Claimant's right to trial by jury in any proceeding as to any and all matters so triable herein, whether or not the same be designated legal or private rights or in any case, controversy or proceeding related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the United States Constitution; (d) a waiver or release of the Claimant's right to a jury trial in this Court or any other court in an proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (e) a waiver or release of Claimant's right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* review by a United States District Court Judge; (f) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Claim, any objection thereto or

any other proceeding which may be commenced in these cases against or otherwise involving Claimant; (g) an election of remedies; (h) a waiver of any right to file a proof of claim under Federal Rule of Bankruptcy Procedure 3005(a); or (i) a waiver of any rights or claims of Claimant in its capacity as holder of one or more of Claimant Bonds, if and to the extent applicable, which rights and claims Claimant is informed and believes will be asserted on Claimant's behalf by a proof of claim to be filed by the Trustee, but which Claimant nonetheless hereby reserves.

The terms of this paragraph shall not constitute or be deemed to constitute a waiver, on the one hand, by the Claimant of the right to allowance of its claims, the right to vote those claims in support of or against one or more plans of reorganization or liquidation, or the right to receive distributions on account of such claims, or the rights of any other party, on the other hand, to dispute such allowance, right to vote, or right to receive distributions on account of such claims.

The Claimant expressly reserves all rights, defenses and remedies that the Claimant has or may have against the Debtor or any other person or persons liable for all or part of the indebtedness claimed herein. The Claimant also reserves its right to amend and supplement this Claim and to file additional proofs of claim for any additional claims it might have.

To Claimant's knowledge, the Claim is not subject to any right of setoff, recoupment or counterclaim by the Debtor. Claimant hereby asserts and preserves any and all setoff and recoupment rights to which Claimant is entitled under 11 U.S.C. § 553 or otherwise.

E. Notices

All notices and other pleadings relating to this Claim should be addressed as follows:

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attn: Kevin J. Lyons
Telephone: (212) 339-3546
Email: klyons@assuredguaranty.com

Attn: Terence L. Workman
Telephone: (212) 408-6053
Email: tworkman@assuredguaranty.com

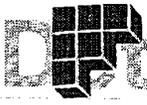
with a copy to

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, N.Y. 10112
Attn: Lawrence A. Larose, Esq.
Samuel S. Kohn, Esq.
Email: llarose@chadbourne.com
skohn@chadbourne.com

Exhibit A

CONFIDENTIAL INFORMATION

C.Schoch@winston.com



FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Detroit, Michigan Policy No.: 28051-N

BONDS: \$159,970,000 in aggregate principal amount of Sewage Disposal System Senior Lien Revenue Refunding Bonds (Variable Rate Demand), Series 2001(C-1) Effective Date: October 23, 2001 Premium: \$706,531.31

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

[2.2.5] 16-23-2001 Closing Transcript II Sewer Series 2001(A), (B), (C-1), (C-2) PDF [Page 740 of 1416]

CSchoch@winston.com

Detroit/17:07:2013 18:29

Page 2 of 2
Policy No: 28051-N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By *Barbara Sheu*
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)

Schoch@winston.com
Detroit 17:07:29
18:29



**FINANCIAL
SECURITY
ASSURANCE®**

**ENDORSEMENT NO. 2 TO
MUNICIPAL BOND
INSURANCE POLICY
(Cancellation of Policy)**

ISSUER: City of Detroit, Michigan

Policy No.: 28051-N

BONDS: \$159,970,000 in aggregate principal amount of
Sewage Disposal System Senior Lien Revenue
Refunding Bonds (Variable Rate Demand),
Series 2001(C-1)

Effective Date: October 23, 2001

Attached to Policy No. 28051-N (the "Policy") issued by Financial Security Assurance Inc. (the "Insurer"), as defined in the Policy issued with respect to the Bonds.

Notwithstanding the terms and conditions contained in the Policy, it is further understood as follows: the Policy shall not be cancelled or terminated prior to payment in full of all Bonds outstanding (including Provider Securities) except (i) upon the delivery to the Trustee for the Bonds of a Conforming Financial Facility in substitution for the Policy in accordance with Section 9.04 of the Variable Rate Mode Supplement and Agreement dated as of September 1, 2001, between the Issuer and U.S. Bank Trust National Association, as Trustee and Tender Agent (the "Supplement"), and (ii) with the prior written consent of the Provider of the Liquidity Facility. Defined terms used herein and not otherwise defined shall have the meaning assigned to them in the Supplement.

This Endorsement forms a part of the Policy, effective on the inception date of the Policy.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed in facsimile on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: *Rebecca Stein*
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form No. 624NY (MI 7/01)

Schoch@winston.com



FINANCIAL SECURITY ASSURANCE®

ENDORSEMENT NO. 2 TO MUNICIPAL BOND INSURANCE POLICY (Cancellation of Policy)

ISSUER: City of Detroit, Michigan

Policy No.: 28051-N

BONDS: \$159,970,000 in aggregate principal amount of Sewage Disposal System Senior Lien Revenue Refunding Bonds (Variable Rate Demand), Series 2001(C-1)

Effective Date: October 23, 2001

Attached to Policy No. 28051-N (the "Policy") issued by Financial Security Assurance Inc. (the "Insurer"), as defined in the Policy issued with respect to the Bonds.

Notwithstanding the terms and conditions contained in the Policy, it is further understood as follows: the Policy shall not be cancelled or terminated prior to payment in full of all Bonds outstanding (including Provider Securities) except (i) upon the delivery to the Trustee for the Bonds of a Conforming Financial Facility in substitution for the Policy in accordance with Section 9.04 of the Variable Rate Mode Supplement and Agreement dated as of September 1, 2001, between the Issuer and U.S. Bank Trust National Association, as Trustee and Tender Agent (the "Supplement"), and (ii) with the prior written consent of the Provider of the Liquidity Facility. Defined terms used herein and not otherwise defined shall have the meaning assigned to them in the Supplement.

This Endorsement forms a part of the Policy, effective on the inception date of the Policy.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed in facsimile on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: [Signature]
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form No. 624NY (MI 7/01)

CSchoch@winston.com



FINANCIAL SECURITY ASSURANCE

7:07:20

MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Detroit, Michigan Policy No.: 200899-N

BONDS: \$599,380,000 in aggregate principal amount of Sewage Disposal System Senior Lien Revenue and Refunding Bonds, Series 2003(A) Effective Date: May 22, 2003 Premium: \$3,175,237.01

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

Cschoch@winston.com

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Page 2 of 2
Policy No. 200899-N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

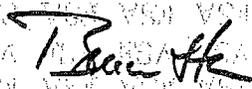
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE, INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
350 Park Avenue, New York, N.Y. 10022-6022

Form 500NY (5/90)

CSchoch@winston.com



FINANCIAL SECURITY ASSURANCE

7:07:20 MUNICIPAL BOND - 25 INSURANCE POLICY

ISSUER: City of Detroit, Michigan

Policy No.: 200927-N

BONDS: \$150,000,000 in aggregate principal amount of Sewage Disposal System Senior Lien Revenue Bonds (Variable Rate Demand), Series 2003(B)

Effective Date: May 22, 2003

Premium: \$953,943.21

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

CSchoch@winston.com

Detroit/17:07:2013 11:25

Page 2 of 2
Policy No. 200927-N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)

CSchoch@winston.com
Detroit 17:07 11-25
ENDORSEMENT NO. 1 TO
MUNICIPAL BOND
INSURANCE POLICY
(Additional Due for Payment Date)

ISSUER: City of Detroit, Michigan

Policy No.: 200927-N

BONDS: \$150,000,000 in aggregate principal amount of
Sewage Disposal System Senior Lien Revenue
Bonds (Variable Rate Demand), Series 2003(B)

Effective Date: May 22, 2003

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall include, when referring to the principal of and interest on a Provider Security, (i) interest not in excess of the lesser of (1) the Maximum Lawful Rate and (2) 18% per annum that shall become Due for Payment but which is unpaid by reason of Nonpayment on any Provider Security (including Excess Bond Interest to the extent provided in (and as defined in) Section 3.01(c) of the Liquidity Facility, but not any Final Excess Bond Interest Amount as defined therein) and (ii) the redemption price of such Provider Security payable on each mandatory redemption date pursuant to Section 3.04 of the Liquidity Facility and Section 5.04 of the Variable Rate Mode Supplement and Agreement between the Issuer and U.S. Bank National Association, as Transfer Agent and Tender Agent, dated as of May 1, 2003, (the "Supplement"); provided, however, that Financial Security may elect, in its sole discretion, to pay all outstanding principal of and interest on Provider Securities due for redemption on any mandatory redemption date prior to such date. The capitalized terms used in this Endorsement and not otherwise defined herein shall have the meanings ascribed to them in the Supplement.

FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 555NY (6/90)

CSchoech@winston.com



FINANCIAL SECURITY ASSURANCE

ENDORSEMENT NO. 2 TO MUNICIPAL BOND INSURANCE POLICY (Cancellation of Policy)

ISSUER: City of Detroit, Michigan

Policy No.: 200927-N

BONDS: \$150,000,000 in aggregate principal amount of Sewage Disposal System Senior Lien Revenue Bonds (Variable Rate Demand), Series 2003(B)

Effective Date: May 22, 2003

Attached to Policy No. 200927-N (the "Policy") issued by Financial Security Assurance Inc. (the "Insurer"), as defined in the Policy issued with respect to the Bonds.

Notwithstanding the terms and conditions contained in the Policy, it is further understood as follows: the Policy shall not be cancelled or terminated prior to payment in full of all Bonds outstanding (including Provider Securities) except (i) upon the delivery to the Trustee for the Bonds of a Conforming Financial Facility in substitution for the Policy in accordance with Section 9.04 of the Variable Rate Mode Supplement and Agreement dated as of May 1, 2003, between the Issuer and U.S. Bank National Association, as Transfer Agent and Tender Agent (the "Supplement"), and (ii) with the prior written consent of the Provider of the Liquidity Facility. Defined terms used herein and not otherwise defined shall have the meaning assigned to them in the Supplement.

This Endorsement forms a part of the Policy, effective on the inception date of the Policy.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed in facsimile on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: [Signature]
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form No. 624NY (M/7/01)

C.Schoech@winston.com
 FINANCIAL SECURITY ASSURANCE
MUNICIPAL BOND INSURANCE POLICY
Detroit 16:07:2013 12:44

ISSUER: City of Detroit, Michigan

Policy No.: 202370-N

BONDS: \$101,435,000 in aggregate principal amount of
Sewage Disposal System Senior Lien Revenue
Refunding Bonds, Series 2004(A)

Effective Date: February 12, 2004

Premium: \$483,715.32

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

CONFIDENTIAL INFORMATION

C.Schoch@winston.com

Detroit/16:07:2013 12:44

Page 2 of 2
Policy No. 202370-N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

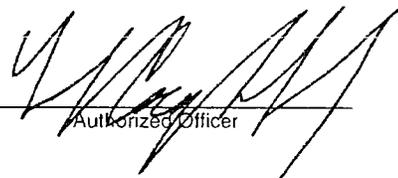
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)

CONFIDENTIAL INFORMATION

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF FINANCIAL SECURITY ASSURANCE INC.

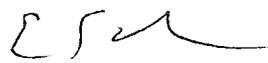
C.Schoch@winston.com

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 202370-N (the "Policy") in respect of the \$101,435,000 in aggregate principal amount of the City of Detroit, Michigan Sewage Disposal System Senior Lien Revenue Refunding Bonds, Series 2004(A) (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Financial Security Assurance Inc." in the official statement dated January 9, 2004, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) the insurance premium of \$483,715.32 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) for Bonds which are secured by a debt service reserve, Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 

Authorized Officer

Dated: February 12, 2004

C.Schoch@winston.com



FINANCIAL SECURITY ASSURANCE

MUNICIPAL BOND INSURANCE POLICY

DETROIT 17:07:2013 11:40

ISSUER: City of Detroit, Michigan

Policy No.: 207713-N

BONDS: \$370,000,000 in aggregate principal amount of Sewage Disposal System Revenue Refunding Senior Lien Bonds (Tax-Exempt Floating LIBOR Notes), Series 2006(D)

Effective Date: December 14, 2006

Premium: \$1,891,014.70

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

C.Schoch@winston.com

Page 2 of 2

Policy No. 207713-N

Detroit/17:07:2013 11:40

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

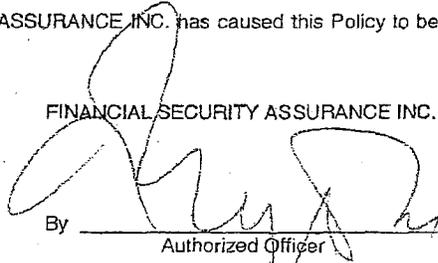
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

(212) 826-0100

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

Form 500NY (5/90)

CONFIDENTIAL INFORMATION

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 207713-N (the "Policy") in respect of the \$370,000,000 in aggregate principal amount of City of Detroit, Michigan Sewage Disposal System Revenue Refunding Senior Lien Bonds (Tax-Exempt Floating LIBOR Notes), Series 2006(D) (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Financial Security Assurance Inc." in the official statement dated November 29, 2006, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) the insurance premium of \$1,891,014.70 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) for Bonds which are secured by a debt service reserve, Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 
Authorized Officer

Dated: December 14, 2006

CONFIDENTIAL INFORMATION

C.Schoch@winston.com

Detroit/17:07:2013 11:40

RULE 15c2-12 CERTIFICATE OF BOND INSURER

The undersigned hereby certifies to UBS Investment Bank (the "Underwriter") on behalf of Financial Security Assurance Inc. ("Financial Security"), as issuer of a municipal bond insurance policy (the "Policy") with respect to the City of Detroit, Michigan Sewage Disposal System Revenue Refunding Senior Lien Bonds (Tax-Exempt Floating LIBOR Notes), Series 2006(D) (the "Bonds"):

(1) that the preliminary official statement dated November 29, 2006 (the "Official Statement"), as to only the information set forth under the section entitled "Municipal Bond Insurance", was final as of its date within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

(2) In giving this certificate Financial Security does not admit that it comes within the definition of Issuer of Municipal Securities for purposes of Rule 15c2-12.

FINANCIAL SECURITY ASSURANCE INC.

By: 
Authorized Officer

Dated: December 14, 2006

CONFIDENTIAL INFORMATION

CSchoch@winston.com

Detroit 12/14/2006 11:40
CERTIFICATE REGARDING
MUNICIPAL BOND DEBT SERVICE RESERVE FUND POLICY FOR
CITY OF DETROIT

SEWAGE DISPOSAL SYSTEM SENIOR LIEN REVENUE BONDS, SERIES 2001(A)
(the "2001(A) Bonds")

The undersigned, as authorized representative of Financial Guaranty Insurance Company, hereby confirms that the Municipal Bond Debt Service Reserve Fund Policy for the 2001(A) Bonds remains in effect in accordance with its terms notwithstanding the defeasance of the 2001(A) Bonds.

FINANCIAL GUARANTY INSURANCE COMPANY

By: 
Its: Authorized Representative

Dated: December 14, 2006



7000 SERIES - 30% PC/M
/www.kleen-tax.com

CSchoch@winston.com
ASSURED MUNICIPAL BOND
GUARANTY INSURANCE POLICY
Detroit/16:07:2013 12:33

ISSUER: City of Detroit, Michigan

Policy No.: 214930-N

BONDS: \$68,630,000 in aggregate principal amount of Detroit Water and Sewerage Department Sewage Disposal System Revenue and Revenue Refunding Senior Lien Bonds, Series 2012A maturing on July 1 of the years 2016, 2018 and 2039 (5% Coupon)

Effective Date: June 26, 2012

Premium: \$1,107,705.28

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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CSchoch@winston.com

Page 2 of 2
Policy No. 214930-N

Detroit/16:07:2013 12:33

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

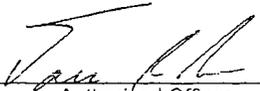
AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By 
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

CONFIDENTIAL INFORMATION

CSchoch@winston.com

Detroit/16:07:2013 12:33

34

RECYCLED PAPER 30% POST CONSUMER WASTE

ASSURED GUARANTY MUNICIPAL
cnooch@winston.com

June 26, 2012

Detroit/16-07-2012 12:33

Municipal Bond Insurance Policy No. 214930-N With Respect to \$98,630,000 in Aggregate Principal Amount of City of Detroit, Michigan

Sewage Disposal System Revenue and Revenue Refunding Senior Lien Bonds, Series 2012A maturing on July 1 of the years 2016, 2018 and 2039 (5% Coupon)

Ladies and Gentlemen:

I am Counsel of Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by AGM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. AGM is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by AGM.
3. The Policy constitutes the valid and binding obligation of AGM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of AGM and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Bond Insurance - Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated June 20, 2012 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Bond Insurance - Assured Guaranty Municipal Corp."

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,
ES
Counsel

City of Detroit, Michigan,
2 Woodward Avenue
Suite 1200,
Detroit, Michigan 48226.

Goldman Sachs & Co.,
as Representative of the Underwriters,
200 West Street
33rd Floor,
New York, New York 10282.

Assured Guaranty Municipal Corp.

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DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF ASSURED GUARANTY MUNICIPAL CORP.

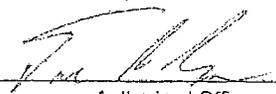
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The undersigned hereby certifies on behalf of Assured Guaranty Municipal Corp. ("AGM"), in connection with the issuance by AGM of its Policy No. 214930-N (the "Policy") in respect of the \$68,630,000 in aggregate principal amount of the City of Detroit, Michigan Sewage Disposal System Revenue and Revenue Refunding Senior Lien-Bonds, Series 2012A maturing on July 1 of the years 2016, 2018 and 2039 (5% Coupon) (the "Bonds") that:

- (i) the information set forth under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS - Bond Insurance - Assured Guaranty Municipal Corp." in the official statement dated June 20, 2012, relating to the Bonds (the "Official Statement") is true and correct,
- (ii) AGM is not currently in default nor has AGM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of AGM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) the insurance premium of \$1,107,705.28 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to AGM as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by AGM to maintain its ratings, which, together with all other overhead expenses of AGM, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) AGM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, AGM will not use any portion of the Bond proceeds; provided, however, that AGM or its affiliates may independently provide a guaranteed investment contract for the investment of all or a portion of the proceeds of the Bonds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by AGM,
- (viii) AGM does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) for Bonds which are secured by a debt service reserve fund, AGM would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

AGM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

ASSURED GUARANTY MUNICIPAL CORP.

By: 
Authorized Officer

Dated: June 26, 2012

Exhibit B



FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: City of Detroit, Michigan Policy No.: 200899-R

BONDS: \$749,380,000 in aggregate principal amount of Sewage Disposal System Senior Lien Revenue and Refunding Bonds, Series 2003(A) and Senior Lien Revenue Bonds (Variable Rate Demand), Series 2003(B) and any additional Senior Lien Bonds issued pursuant to the Ordinance
Effective Date: May 22, 2003
Premium: \$1,299,519.00
Termination Date: July 15, 2033

FINANCIAL SECURITY ASSURANCE, INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that Financial Security has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Insurance Agreement" means the Insurance

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Policy No. 200899-R

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Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim; (b) the Policy Number; (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$51,800,000 to July 15, 2029; \$69,200,000 from July 15, 2029 to July 15, 2031; and thereafter \$72,800,000 to the Termination Date.

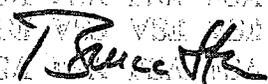
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto: (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.


By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd. (212) 826-0100
350 Park Avenue, New York, N.Y. 10022-6022

Form 501 NY (6/90)

Exhibit 6B

CSchoch@winston.com Annex C

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FSA SUPPLEMENT
Part 1 - Bond Insurance Provisions

1. Applicability.

Part 1 of this Supplement shall be in effect for only so long as Financial Security Assurance Inc., a New York stock insurance company ("FSA"), or any successor thereto, is the insurer of the Series 2003 Securities and has not failed to comply with its payment obligations under its municipal bond insurance policies securing the Series 2003 Securities (together, the "Bond Insurance Policy"). For so long as Part 1 of this Supplement is in effect, it shall be applicable in respect of the Series 2003 Securities notwithstanding anything to the contrary elsewhere contained in the Sale Order, including the Related Documents.

2. FSA Sole Holder for Purposes of Consents.

2.01 FSA shall be deemed to be the sole holder of the Series 2003 Securities for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2003 Securities are entitled to take pursuant to the Bond Ordinance or the Related Documents.

2.02 The rights of FSA to request, consent to or direct any action are rights granted to FSA in consideration of its issuance of the Bond Insurance Policy. Any exercise by FSA of such rights is merely an exercise of FSA's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Securityholders nor does such action evidence any position of FSA, positive or negative, as to whether any Holder consent is required in addition to consent of FSA.

3. Mode Change to Fixed Rate; Replacement of Liquidity Provider.

3.01 The Finance Director shall take such steps as are necessary to change the mode of any outstanding Variable Rate Securities to the Modal Fixed Rate Mode or to replace the Liquidity Provider upon the request of FSA for any reason described below.

3.02 FSA may request the Finance Director shall take such steps as are necessary to change the mode of any outstanding Variable Rate Securities to the Modal Fixed Rate Mode for any of the following reasons and no other:

(a) The Liquidity Provider for Variable Rate Securities (the "Liquidity Provider") failed to purchase Variable Rate Securities when obligated by its Liquidity Facility to do so.

(b) An Immediate Termination Event occurs in respect of Variable Rate Securities or a mandatory tender event occurs that is either a Last Put Termination Event or the Occurrence of Expiry Date and Variable Rate Securities are subject to the mandatory tender by reason of such occurrence.

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(c) Provider Bonds insured by FSA are held by the Liquidity Provider for 45 days or more in any year commencing on a July 2 and ending on the following July 1 (a "Bond Year") or there are two failed remarketings in any Bond Year.

(d) If Provider Bonds insured by FSA bear interest at the Legal Maximum Rate.

3.03 FSA may request the City to take all steps necessary to replace the Liquidity Provider with another qualifying Liquidity Provider if (i) the Liquidity Provider fails to purchase Variable Rate Securities when obligated to do so by its Liquidity Facility or (ii) the short term rating of the Liquidity Provider falls below A1 (or comparable rating) by a Rating Agency rating the Variable Rate Securities.

4. No Acceleration Except with Consent.

The maturity of Series 2003 Securities shall not be accelerated without the consent of FSA.

5. Modifications, Amendments and Supplements.

5.01 No modification, amendment or supplement to the Bond Ordinance requiring the consent of Holders of Series 2003 Securities, the Bond Resolution or the Sale Order as it relates to Series 2003 Securities (each a "Related Document") or that materially adversely affects its rights thereunder may become effective except upon obtaining the prior written consent of FSA.

5.02 Copies of any modification or amendment to the Bond Ordinance or any other Related Document shall be sent to Standard & Poor's Ratings Services, Moody's Investors Service, Inc. and Fitch, Inc. at least 10 days prior to the effective date thereof.

6. Defeasance.

6.01 Only (i) cash, (ii) non-callable direct obligations of the United States of America ("Treasuries"), (iii) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated or (iv) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or any combination thereof, shall be authorized to be used to effect defeasance of Series 2003 Securities unless FSA otherwise approves.

6.02 To accomplish defeasance of Series 2003 Securities, and except as otherwise agreed to in writing by FSA, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to FSA ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2003 Securities to be defeased in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to FSA), and (iii) an opinion of Bond Counsel to the effect that the defeased Series 2003 Securities are no

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longer "Outstanding" under the Bond Ordinance. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City and FSA.

6.03 In the event a forward purchase agreement will be employed in advance refunding Series 2003 Securities, such agreement shall be subject to the approval of FSA and shall be accompanied by such opinions of counsel as may be required by FSA.

6.04 FSA shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

7. Series 2003 Securities to Remain "Outstanding."

To the extent not already provided elsewhere in the Related Documents, amounts paid by FSA under the Bond Insurance Policy shall not be deemed paid for purposes of the Bond Ordinance and shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Bond Ordinance.

8. Claims Upon the Bond Insurance Policy; Payments by and to FSA.

8.01 Notices Prior to Payment Date.

(a) If, on the third "Business Day" (being a day on which the City, the Transfer Agent and FSA are not authorized or required to remain closed) prior to the related scheduled interest payment date or principal payment date or the date to which bond maturity has been accelerated (a "Payment Date") there is not credited to the Interest and Redemption Fund moneys sufficient to pay the principal of and interest on the Series 2003 Securities due on such Payment Date, then the City shall give notice to FSA and to its designated agent (if any) (the "Bond Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York, New York time, on such Business Day.

(b) If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2003 Securities due on such Payment Date, then the City shall make a claim under the Bond Insurance Policy and give notice to FSA and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2003 Securities and the amount required to pay principal of the Series 2003 Securities, confirmed in writing to FSA and the Bond Insurer's Fiscal Agent by 12:00 noon, New York, New York time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

8.02 Registration and Replacement of Series 2003 Securities.

(a) In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Transfer Agent shall authenticate and deliver to affected Securityholders who surrender their Series 2003 Securities a new Series 2003(A) Security or Series 2003(B) Security, as applicable, in an

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aggregate principal amount equal to the unredeemed portion of the Series 2003 Security surrendered.

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(b) The Transfer Agent shall designate any portion of payment of principal on Series 2003 Securities paid by FSA, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, in the Registry as a reduction in the principal amount of Series 2003 Securities registered to the then current Securityholder, whether the Securities Depository or its nominee or otherwise, and shall issue a replacement Series 2003(A) Security or Series 2003(B) Security, as applicable, to FSA, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to Authorized Denominations); provided that the Transfer Agent's failure to so designate any payment or issue any replacement Series 2003(A) Security or Series 2003(B) Security shall have no effect on the amount of principal or interest payable by the City on any Series 2003(A) Security or Series 2003(B) Security or the subrogation rights of FSA.

8.03 Policy Payments Account.

(a) Upon payment of a claim under the Bond Insurance Policy the Transfer Agent shall establish a separate special purpose trust account for the benefit of Holders of Series 2003 Securities referred to herein as the "Policy Payments Account" and over which the Transfer Agent shall have exclusive control and sole right of withdrawal.

(b) The Transfer Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Holders of Series 2003 Securities and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made.

(c) Amounts to be paid to Holders of Series 2003 Securities shall be disbursed by the Transfer Agent to Holders of Series 2003 Securities in the same manner as principal and interest payments are to be made under the Related Documents with respect to Fixed Rate Securities or Fixed Rate Modal Securities, as applicable, except that it shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(d) The Transfer Agent shall keep a complete and accurate record of all funds deposited by FSA into the Policy Payments Account and the allocation of such funds to payment of interest on and principal paid in respect of any Series 2003 Security. FSA shall have the right to inspect such records at reasonable times upon reasonable notice to the Transfer Agent.

(e) Funds held in the Policy Payments Account shall not be invested by the Transfer Agent and may not be applied to satisfy any costs, expenses or liabilities of the Transfer Agent.

(f) Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to FSA.

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8.04 *Interest on Amounts Advanced.*

To the extent permitted by law, in the event amounts paid under the Bond Insurance Policy are applied to claims for payment of principal of or interest on the Series 2003 Securities, interest on such principal of and interest on such Series 2003 Securities shall accrue and be payable from the date of such payment at the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank or its successor at its principal office in the City of New York, as its prime or base lending rate plus 3%, and (ii) the then applicable rate of interest on the Series 2003 Securities provided that in no event shall such rate exceed the maximum rate permissible under applicable usury or similar laws limiting interest rates. The obligation to pay such additional interest is a "Senior Obligation" under the Bond Ordinance, secured by a lien on Pledged Assets which is subordinate only to the lien in favor of the Holders of Senior Lien Bonds.

9. **Subrogation.**

To the extent not already provided elsewhere in the Related Documents, FSA shall, to the extent it makes any payment of principal of or interest on Series 2003 Securities, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

10. **FSA Fee and Expenses.**

10.01 The City shall pay or reimburse FSA any and all charges, fees, costs and expenses which FSA may reasonably pay or incur in connection with:

- (a) the administration, enforcement, defense or preservation of any rights or security in any Related Document;
- (b) the pursuit of any remedies under the Bond Ordinance or any other Related Document or otherwise afforded by law or equity;
- (c) any amendment, waiver or other action with respect to, or related to, the Bond Ordinance or any other Related Document whether or not executed or completed;
- (d) the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it with respect to Series 2003 Securities; or
- (e) any litigation or other dispute in connection with the Bond Ordinance or any other Related Document or the transactions contemplated thereby, other than amounts resulting from the failure of FSA to honor its obligations under the Bond Insurance Policy.

10.02 FSA reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Ordinance or any other Related Document.

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11. **FSA's Right to Pay.**

FSA shall be entitled to pay principal of or interest on Series 2003 Securities that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Bond Insurance Policy) and any amounts due on Series 2003 Securities as a result of acceleration of the maturity thereof in accordance with the Bond Ordinance, whether or not FSA has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policy) or a claim upon the Bond Insurance Policy.

12. **Notices to FSA.**

12.01 The notice address of FSA is: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director -- Surveillance; Re: Policy Nos. 200899-N and 200927-N, Telephone: (212) 826-0100; Telecopier: (212) 339-3556.

12.02 In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

13. **Reporting.**

FSA shall be provided with the following information:

13.01 The budget for each Fiscal Year promptly after adoption and the Audited Sewage Disposal Fund Financial Statements (as defined in the Master Continuing Disclosure Agreement with respect to the Insured Securities) concurrently with the filing thereof with each NRMSIR and the SID pursuant to such Master Continuing Disclosure Agreement;

13.02 Notice of any draw upon the Bond Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Bond Reserve Requirement and (ii) withdrawals in connection with a refunding of Series 2003 Securities;

13.03 Notice of any default under the Bond Ordinance known to the City within five Business Days after knowledge thereof;

13.04 Prior notice of the defeasance, advance refunding or redemption of any of the Series 2003 Securities, including the principal amount, maturities and CUSIP numbers thereof;

13.05 Notice of the resignation or removal of the Transfer Agent and Registrar and the appointment of, and acceptance of duties by, any successor thereto;

13.06 Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

13.07 Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2003 Securities;

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13.08 A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Related Documents; and

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13.09 All reports, notices and correspondence to be delivered under the terms of the Related Documents to Holders of Series 2003 Securities.

14. Further Assurance.

The City agrees to take such action as is necessary from time to time to perfect or to otherwise preserve the priority of the pledge of the Net Revenues pledged to Series 2003 Securities under applicable law.

15. Additional Senior Lien Bonds.

Notwithstanding satisfaction of other conditions to the issuance of additional Senior Lien Bonds contained in the Bond Ordinance, no such issuance may occur (unless otherwise permitted by FSA):

15.01 If any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing unless such default shall be cured upon such issuance.

15.02 Unless the Bond Reserve Account is fully funded at its requirement (including the new issue) upon the issuance of such additional Senior Lien Bonds.

16. Reserve Fund Surety Bonds.

Any debt service reserve policy or other credit instrument obtained for the Bond Reserve Account after the issuance of the Series 2003 Securities shall be acceptable to FSA.

17. Enforce Rights.

FSA is a third party beneficiary of the Related Documents for the purpose of enforcing the rights granted it thereunder.

Part 2 – Reserve Account Surety Provisions

1. Applicability.

Part 2 of this Supplement shall be in effect for only so long as Financial Security Assurance Inc., a New York stock insurance company ("FSA"), or any successor thereto, has not failed to comply with its payment obligations under its municipal bond debt service reserve insurance policy securing the Series 2003 Securities and other Senior Lien Bonds (the "Reserve Policy"). For so long as Part 2 of this Supplement is in effect, it shall be applicable in respect of the Series 2003 Securities and other Senior Lien Bonds notwithstanding anything to the contrary

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elsewhere contained in the Sale Order, including the Related Documents (as defined in Section 5.01 of Part 1 of this Supplement).

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2. Repayment of Draws and Other Amounts.

2.01 The City shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by FSA. Interest shall accrue and be payable on such draws and expenses from the date of payment by FSA at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2003 Securities and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as FSA shall specify.

2.02 Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

2.03 Amounts in respect of Policy Costs paid to FSA shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to FSA on account of principal due, the overage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

2.04 All cash and investments in the Reserve Account established for the Series 2003 Securities (for purposes of this Supplement, the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on Series 2003 Securities and other Senior Lien Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

2.05 The Related Documents shall not be discharged until all Policy Costs owing to FSA shall have been paid in full. The City's obligation to pay such amounts shall expressly survive payment in full of the Series 2003 Securities and other Senior Lien Bonds.

3. Notice of Claim or Shortfall.

3.01 The Transfer Agent shall ascertain the necessity for a claim upon the Reserve Policy and provide notice to FSA in accordance with the terms of the Reserve Policy at least five

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C.Schoch@winston.com

business days prior to each date upon which interest or principal is due on the Series 2003 Securities. The Transfer Agent shall give notice to FSA of any failure of the City to make timely payment in full of deposits to the debt service fund for the Series 2003 Securities or other Senior Lien Bonds within two business days of the date due.

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4. **Remedies of FSA.**

4.01 If the City shall fail to pay any Policy Costs in accordance with the requirements of 2.01 hereof, FSA shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Related Documents other than (i) acceleration of the maturity of the Series 2003 Securities or other Senior Lien Bonds or (ii) remedies which would adversely affect owners of the Series 2003 Securities and other Senior Lien Bonds.

5. **Senior Obligations.**

The obligation of the City to pay Policy Costs is a "Senior Obligation" under the Bond Ordinance, secured by a lien on Pledged Assets which is subordinate only to the lien in favor of the Holders of Senior Lien Bonds.

6. **Notices.**

6.01 The notice address of FSA is: Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022-6022, Attention: Managing Director -- Surveillance; Re: Policy No. 200899-R, Telephone: (212) 826-0100; Telecopier: (212) 339-3556.

6.02 In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

Exhibit 6C

B10 (Official Form 10) (04/13) (Modified)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT of MICHIGAN		CHAPTER 9 RECEIVED FEB 20 2014 KURTZMAN CARSON CONSULTANTS <small>COURT USE ONLY</small>
Name of Debtor: City of Detroit, Michigan		Case Number: 13-53846
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Assured Guaranty Municipal Corp.		
Name and address where notices should be sent: Assured Guaranty Municipal Corp. 31 West 52nd Street New York, NY 10019 Attn: Kevin J. Lyons Tel: 212-339-3545 Email: Klyons@assuredguaranty.com Terence L. Workman Tel: 212-408-6053 Email: Tworkman@assuredguaranty.com		with copies to: Lawrence A. Larose Samuel S. Kohn Chadbourne & Parke LLP 30 Rockefeller Plaza New York, NY 10112 llarose@chadbourne.com skohn@chadbourne.com
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Telephone number: _____ email: _____		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
<input checked="" type="checkbox"/> Date Stamped Copy Returned <input type="checkbox"/> No self addressed stamped envelope <input type="checkbox"/> No copy to return		
1. Amount of Claim as of Date Case Filed: \$ <u>See attached Addendum</u>		
If all or part of your claim is secured, complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: <u>Municipal Bond Insurance (Water Supply System Revenue Bonds) – Insurer’s Claim</u>		See attached Addendum
3. Last four digits of any number by which creditor identifies debtor: _____		3a. Debtor may have scheduled account as: _____ (See instruction #3a)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ <u>See attached Addendum</u> Basis for perfection: <u>See attached Addendum</u> Amount of Secured Claim: \$ <u>See attached Addendum</u> Amount Unsecured: \$ <u>See attached Addendum</u>
5. Amount of Claim Entitled to Priority as an Administrative Expense under 11 U.S.C. §§ 503(b)(9) and 507(a)(2).		\$ _____
5b. Amount of Claim Otherwise Entitled to Priority. Specify Applicable Section of 11 U.S.C. § _____		\$ _____
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		
7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements, or in the case of a claim based upon an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
8. Signature: (See instruction #8) Check the appropriate box. <input checked="" type="checkbox"/> I am the creditor. <input type="checkbox"/> I am the creditor's authorized agent. <input type="checkbox"/> I am the trustee, or the debtor or their authorized agent. <input type="checkbox"/> I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)		
I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.		
Print Name: <u>Holly Horn</u> Title: <u>Chief Surveillance Officer – Public Finance</u> Company: <u>Assured Guaranty Municipal Corp.</u>		(Signature) <u>Holly Horn</u> (Date) <u>2-18-2014</u>
Address and telephone number (if different from notice address above): <u>31 West 52nd Street New York, NY 10019</u>		
Telephone number: (212) 339-3526 email: hhorn@assuredguaranty.com		

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both, 18 U.S.C. §§ 157 and 3571

CHADBOURNE
& PARKE LLP

30 Rockefeller Plaza, New York, NY 10112

tel (212) 408-5100 fax (212) 541-5369

David M. Bava
(212) 408-5477
dbava@chadbourne.com

February 19, 2014

City of Detroit Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

Re: In re: City of Detroit, Michigan - Case No. 13-53846-swr
Proofs of Claim

Ladies and Gentlemen:

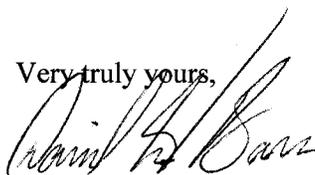
I enclose herewith an original set and one copy set for a total of six (6) proofs of claim to be filed on behalf of Assured Guaranty Municipal Corp. against the above-referenced debtor. Please file the original claims, stamp the marked copy set as evidence of filing and return them to the undersigned using the enclosed pre-addressed Federal Express airbill.

I will confirm receipt of the enclosed by contacting Joe Bunning on Thursday, February 20, 2014.

If you have any questions regarding the enclosed please feel free to contact me directly.

Thank you for your assistance with these filings.

Very truly yours,



David M. Bava
Case Manager

Enclosures

VIA OVERNIGHT DELIVERY

DMB/

cc: Samuel S. Kohn, Esq. (without Enclosures)
Mr. Seth Bloomfield (without Enclosures)



**Addendum to Proof of Claim
of Assured Guaranty Municipal Corp.**

This Addendum to Proof of Claim ("Addendum") shall be deemed to be a part of, and incorporated by reference into, the attached proof of claim (together with this Addendum and all Exhibits hereto, the "Claim") filed by Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc. (the "Claimant") against the City of Detroit, Michigan (the "Debtor"). On July 18, 2013 (the "Petition Date"), the Debtor filed a petition for relief under chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), at Case No. 13-53846-swr.

A. Statement of Claim

Claimant files this Claim, on its own behalf, for (1) all fees and expenses that have been currently paid by the Claimant in relation to certain insurance policies issued by the Claimant to insure water supply system revenue bonds issued by the Debtor; (2) all future disbursements of insurance payments that Claimant may make in the future on these certain insurance policies and related fees and expenses; and (3) all disbursements that Claimant may pay in the future in relation to certain debt service reserve insurance policies and related expenses.

B. Basis for Claim

In accordance with an authorizing resolution (the "Resolution") enacted on November 18, 2005 by the City Council of Detroit (the "City Council"), the Debtor's legislative body, the Debtor issued several series of Water Supply System Revenue Bonds and Water Supply System Revenue Refunding Bonds (collectively, the "Water Bonds") pursuant to Ordinance No. 01-05 (the "Bond Ordinance") and Chapter 141 of the Michigan Public Acts, including Act 94 of 1933, the Revenue Bond Act of 1933, Michigan Compiled Laws § 141.101 *et seq.*, as amended. The

Water Bonds were issued for the purpose of defraying part of the cost of acquiring and constructing replacements, repairs, extensions and improvements to the Debtor's water supply system (the "System") and refunding certain outstanding Water Bonds.

Specifically, the Debtor has issued, among others, the following series of Water Bonds (collectively, the "Claimant Bonds"):

- Water Supply System Revenue Senior Lien Bonds Series 2006(A) (the "2006(A) Bonds"), issued pursuant to the Resolution and a sale order issued by the then finance director on July 19, 2006 (the "2006(A) Sale Order");
- Water Supply System Revenue Second Lien Bonds (Variable Rate Demand) Series 2006(B) (the "2006(B) Bonds"), issued pursuant to the Resolution and a sale order issued by the then finance director on August 15, 2006 (the "2006(B) Sale Order");
- Water Supply System Revenue Refunding Second Lien Bond Series 2006(C) (the "2006(C) Bonds"), issued pursuant to the Resolution and a sale order issued by the then finance director on July 19, 2006 (the "2006(C) Sale Order"); and
- Water Supply System Revenue Refunding Senior Lien Bond Series 2006(D) (the "2006(D) Bonds"), issued pursuant to the Resolution and a sale order issued by the then finance director on July 19, 2006 (the "2006(D) Sale Order" and, collectively with the 2006(A) Sale Order, the 2006(B) Sale Order, and the 2006(C) Sale Order, the "Sale Orders").

Claimant, under its former name Financial Security Assurance Inc., issued municipal bond insurance policies (the "Claimant Policies," true and correct copies of which are attached hereto as Exhibit A) insuring the Debtor's payment obligations under the Claimant Bonds as set forth below:

Bond Series	Policy Number	Effective Date
2006(A)	207165-N	August 16, 2006
2006(B)	207164-N	August 16, 2006
2006(C)	207167-N	August 16, 2006
2006(D)	207166-N	August 16, 2006

As of December 31, 2013, Claimant insures a gross par outstanding amount of \$738,755,000.00 of Claimant Bonds.

According to the Claimant Policies, and subject to certain limitations, Claimant is obligated to pay the registered owners of applicable Claimant Bonds (the “Claimant Bondholders”) the face amount of principal and interest on any Claimant Bond that is then due for payment, but is then unpaid by reason of nonpayment by the Debtor (all payments made by Claimant to Claimant Bondholders on account of such obligation (the “Claimant Bond Insurance Payments”). The Claimant Policies provide that upon disbursement of Claimant Bond Insurance Payments, Claimant shall be fully subrogated to all of the Claimant Bondholders’ rights, title and interest under the Claimant Bonds to the extent of any Claimant Bond Insurance Payments, including, without limitation, the right to receive payment from the Debtor under the Claimant Bonds.

Claimant, under its former name Financial Security Assurance Inc., also issued debt service reserve insurance policies (the “DSRF Policies,” true and correct copies of which are attached hereto as Exhibit B) as set forth below:

Policy Number	Related Bond Series¹	Gross Outstanding Amount
207164-R	2006(B) and 2006(C)	\$10,000,000
207165-R	2006(A) and 2006(D)	\$3,000,000

According to the DSRF Policies, and subject to certain limitations, Claimant is obligated to make payment to the Trustee or Paying Agent of the Water Bonds if the Debtor has failed to provide sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest that is due and owing on the Water Bonds (the “DSRF Payments”). Under the terms of

¹ In addition to the Series 2006(A), Series 2006(B), Series 2006(C), and Series 2006(D) Water Bonds, the DSRF Policies cover any additional senior or second lien Water Bonds issued pursuant to the Bond Ordinance, as amended and supplemented, or predecessor ordinances which were amended and restated by the Bond Ordinance.

the DSRF Policies, upon such payment, Claimant is entitled to contractual reimbursement of the amount so paid (together with interest and expenses). Additionally, to the extent of any payment made by Claimant, the DSRF Policies provide that Claimant:

shall become the owner of the [Water] Bond, any appurtenant coupon to the [Water] Bond or right to receipt of payment of principal of or interest on the [Water] Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the [Water] Bond and all insurance policies in respect of the [Water] Bond.

Claimant's claim² is based on the provisions of the Resolutions, the Sale Orders, the Claimant Policies, and all other documents entered into in connection with the issuance of the Claimant Bonds, the Claimant Policies, and all related transactions (collectively, the "Claimant Bond Documents"). Claimant is informed and believes that the Debtor has copies of all or substantially all of the Claimant Bond Documents in its possession or control. However, upon written request to counsel to Claimant at the notice address shown below, Claimant will make available copies of supporting documents reasonably requested by the Debtor to the extent such documents are in Claimant's possession or control.

C. Amount and Nature of Claim

(1) Claimant's Secured, Fixed and Liquidated Claim for Contractual Reimbursement

Claimant asserts a secured, fixed and liquidated claim for contractual reimbursement in the amount of \$1,412,318.09 for all charges, fees, costs, losses, liabilities and expenses heretofore incurred or paid by Claimant in connection with the Bonds and the Bond Documents, reimbursable under the Bond Documents and/or applicable law ("Fees and Expenses"), with

² As such "claim" is defined in section 101(5)(A) of the Bankruptcy Code.

interest thereon as set forth, and at the rates identified, in the Bond Documents (including default interest, as applicable) (“Interest”).

A supplement to the Sale Orders titled “Exhibit A: Second Lien Insurer Provisions” provides that the City shall pay or reimburse Claimant, under its former name Financial Security Assurance Inc., any and all charges, fees, costs and expenses which Claimant may reasonably pay or incur in connection with the following:

- the administration, enforcement, defense or preservation of any rights or security in any related document;
- the pursuit of any remedies under the Bond Ordinance or any other related document or otherwise afforded by law or equity;
- any amendment, wavier or other action with respect to, or related to, the Bond Ordinance or any other related document whether or not executed or completed;
- the violation by the City of any law, rule or regulation, or any judgment, order or decree applicable to it with respect to the Claimant Bonds; or
- any litigation or other dispute in connection with the Bond Ordinance or any other related document or the transactions contemplated thereby, other than amounts resulting from the failure of Claimant to honor its obligations under the Claimant Policies.

(2) *Claimant’s Secured, Contingent and Unliquidated Claims*

(a) Claimant Policies

Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the Claimant Bond Documents, the Bankruptcy Code, and applicable law based on Claimant’s rights of subrogation on account of any and all Claimant Bond Insurance Payments [in a principal amount of up to \$738,755,000.00] with Interest thereon. Claimant also asserts a secured, contingent and unliquidated claim for all related Fees and Expenses hereafter incurred or paid by Claimant, with Interest thereon.

Claimant asserts a secured claim as listed in the Debtor's schedules. The Claimant Bonds are secured by a statutory lien, as defined in section 101(53) of the Bankruptcy Code, on the revenues of the System pursuant to Sections 7(4) and 8 of Act 94 of 1933 enacted by the Michigan Legislature and the Bond Ordinance. Additionally, Claimant has a lien on the revenues of the System, which are special revenues within the meaning of 11 U.S.C. § 928, wholly dedicated to repayment of outstanding Water Bonds and not otherwise available to fund distributions to creditors under a plan of adjustment or for any other purpose.

(b) DSRF Policies

Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the DSRF Policies, the Bankruptcy Code, and applicable law based on Claimant's right to contractual reimbursement for all amounts paid (together with interest and expenses). Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the DSRF Policies, the Bankruptcy Code, and applicable law based on Claimant's rights, to the extent payment is made, to become owner of Water Bonds, any appurtenant coupon to Water Bonds or right to receipt of payment of principal of or interest on the Water Bonds. Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the DSRF Policies, the Bankruptcy Code, and applicable law based on Claimant's rights, to the extent payment is made, of subrogation including the right to receive payments under the Water Bonds and all insurance policies in respect of the Water Bonds.

D. Reservation of Rights and/or Remedies

Claimant is not required to assert any claims for administrative expenses at this time. Claimant reserves all rights to file a request for payment of administrative expenses in accordance with 11 U.S.C. § 503 and 11 U.S.C. § 507, including all Fees and Expenses.

Nothing contained in this Claim shall be construed as limiting any of Claimant's rights, remedies, or interests. The execution and filing of this Claim is not and shall not be deemed or construed as: (a) a submission by the Claimant to the jurisdiction of this Court or any other court with respect to this Claim or to proceedings, if any, commenced in any case against or otherwise involving the Claimant; (b) a waiver of the Claimant's right to amend or supplement any claim it has filed or will file that may be based on the same or additional facts and circumstances giving rise to the claims asserted herein; (c) a waiver or release of Claimant's right to trial by jury in any proceeding as to any and all matters so triable herein, whether or not the same be designated legal or private rights or in any case, controversy or proceeding related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the United States Constitution; (d) a waiver or release of the Claimant's right to a jury trial in this Court or any other court in an proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (e) a waiver or release of Claimant's right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* review by a United States District Court Judge; (f) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Claim, any objection thereto or any other proceeding which may be commenced in these cases against or otherwise involving Claimant; (g) an election of remedies; (h) a waiver of any right to file a proof of claim under

Federal Rule of Bankruptcy Procedure 3005(a); or (i) a waiver of any rights or claims of Claimant in its capacity as holder of one or more of Claimant Bonds, if and to the extent applicable, which rights and claims Claimant is informed and believes will be asserted on Claimant's behalf by a proof of claim to be filed by the Trustee, but which Claimant nonetheless hereby reserves.

The terms of this paragraph shall not constitute or be deemed to constitute a waiver, on the one hand, by the Claimant of the right to allowance of its claims, the right to vote those claims in support of or against one or more plans of reorganization or liquidation, or the right to receive distributions on account of such claims, or the rights of any other party, on the other hand, to dispute such allowance, right to vote, or right to receive distributions on account of such claims.

The Claimant expressly reserves all rights, defenses and remedies that the Claimant has or may have against the Debtor or any other person or persons liable for all or part of the indebtedness claimed herein. The Claimant also reserves its right to amend and supplement this Claim and to file additional proofs of claim for any additional claims it might have.

To Claimant's knowledge, the Claim is not subject to any right of setoff, recoupment or counterclaim by the Debtor. Claimant hereby asserts and preserves any and all setoff and recoupment rights to which Claimant is entitled under 11 U.S.C. § 553 or otherwise.

E. Notices

All notices and other pleadings relating to this Claim should be addressed as follows:

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attn: Kevin J. Lyons
Telephone: (212) 339-3546
Email: klyons@assuredguaranty.com

Attn: Terence L. Workman
Telephone: (212) 408-6053
Email: tworkman@assuredguaranty.com

with a copy to

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, N.Y. 10112
Attn: Lawrence A. Larose, Esq.
Samuel S. Kohn, Esq.
Email: llarose@chadbourne.com
skohn@chadbourne.com

Exhibit A

CONFIDENTIAL INFORMATION



FINANCIAL
SECURITY
ASSURANCE®

MUNICIPAL BOND
INSURANCE POLICY

ISSUER: City of Detroit, Michigan

Policy No.: 207165-N

BONDS: \$280,000,000 in aggregate principal amount of
Water Supply System Revenue Senior Lien
Bonds, Series 2006(A)

Effective Date: August 16, 2006

Premium: \$1,569,643.13

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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CSchoch@winston.com

Page 2 of 2
Policy No. 207165-N

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United States Bankruptcy Code by a trustee in bankruptcy, in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writina. or written notice by registered or certified mail, from an

Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

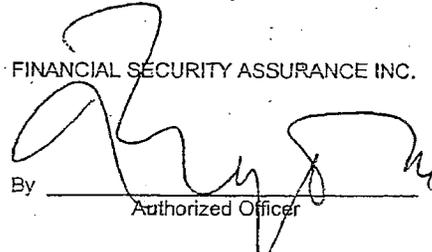
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By  Authorized Officer

CONFIDENTIAL INFORMATION

C.Schoch@winston.com
FINANCIAL SECURITY ASSURANCE® MUNICIPAL BOND INSURANCE POLICY
Detroit 7:07:2013 12:09

ISSUER: City of Detroit, Michigan

Policy No.: 207164-N

BONDS: \$120,000,000 in aggregate principal amount of
Water Supply System Revenue Second Lien
Bonds (Variable Rate Demand), Series 2006(B)

Effective Date: August 16, 2006

Premium: \$1,134,073.13

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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C.Schoch@winston.com

Page 2 of 2
Policy No. 207164-N

Detroit 17:07:2013 12:09

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. Notice means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

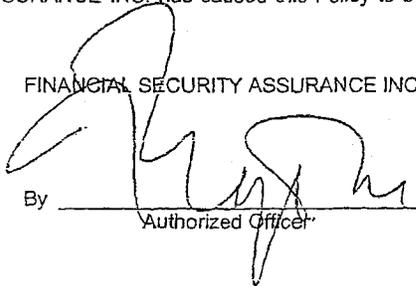
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

CSchoch@winston.com
FINANCIAL SECURITY ASSURANCE®
ENDORSEMENT NO. 1 TO MUNICIPAL BOND INSURANCE POLICY (Bank Bonds)
Detroit 17:07 12:09

ISSUER: City of Detroit, Michigan

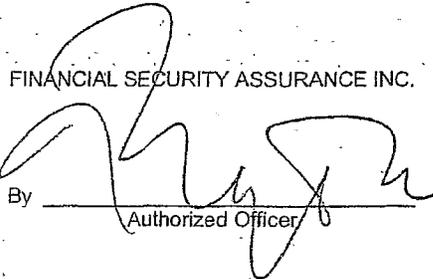
Policy No.: 207164-N

BONDS: \$120,000,000 in aggregate principal amount of Water Supply System Revenue Second Lien Bonds (Variable Rate Demand), Series 2006(B)

Effective Date: August 16, 2006

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall include, when referring to the principal of and interest on a Provider Security, (i) interest not in excess of the lesser of (1) the Legal Maximum Rate and (2) 25% per annum that shall become Due for Payment but which is unpaid by reason of Nonpayment on any Provider Security (including Excess Bank Bond Interest to the extent provided in (and as defined in) Section 3.03 of the Liquidity Facility, but not any Final Excess Bond Interest Amount as defined therein) and (ii) the redemption price of such Provider Security payable on each scheduled mandatory redemption date pursuant to Section 5.04 of the Variable Rate Mode and Auction Rate Mode Supplement and Agreement between the Issuer and U.S. Bank National Association, as Transfer Agent, dated as of August 1, 2006, (the "Supplement") and Section 3.02 of the Liquidity Facility. The capitalized terms used in this Endorsement and not otherwise defined herein shall have the meanings ascribed to them in the Supplement.

FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.
By 
Authorized Officer

CSchoch@winston.com
FINANCIAL SECURITY ASSURANCE MUNICIPAL BOND INSURANCE POLICY
Detroit 17:07:2013 12:09

ISSUER: City of Detroit, Michigan

Policy No.: 207167-N

BONDS: \$220,645,000 in aggregate principal amount of Water Supply System Revenue Refunding Second Lien Bonds, Series 2006(C)

Effective Date: August 16, 2006

Premium: \$1,739,359.03

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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CSchoch@winston.com

Page 2 of 2
Policy No. 207167-N

Detroit/17-07-2013 12:09

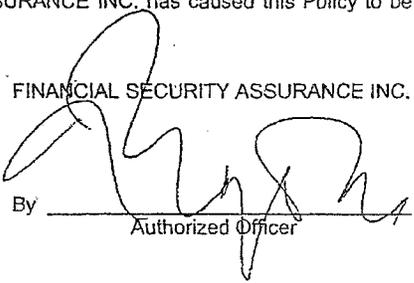
United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

CONFIDENTIAL INFORMATION

 **FINANCIAL SECURITY ASSURANCE** **MUNICIPAL BOND INSURANCE POLICY**
CSchoch@winston.com
Detroit/17:07:2013 12:09

ISSUER: City of Detroit, Michigan

Policy No.: 207166-N

BONDS: \$146,590,000 in aggregate principal amount of
Water Supply System Revenue Refunding
Senior Lien Bonds, Series 2006(D)

Effective Date: August 16, 2006

Premium: \$869,355.53

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment, by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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~~CSchoch@winston.com~~

Page 2 of 2
Policy No. 207166-N

~~Date: 07/17/07 2013 12:09~~

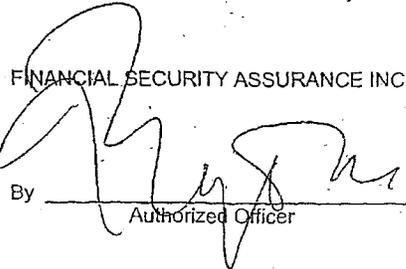
United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.
By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

CONFIDENTIAL INFORMATION

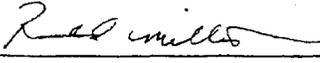
CSchoch@winston.com
DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy Nos. 207165-N and 207166-N (collectively, the "Insurance Policy") and Policy No. 207165-R (the "Reserve Policy") and collectively with the Insurance Policy, the "Policy") in respect of the \$426,590,000 in aggregate principal amount of the City of Detroit Michigan Water Supply System Revenue Senior Lien Bonds, consisting of \$280,000,000 Water Supply System Revenue Senior Lien Bonds, Series 2006(A) and \$146,590,000 Water Supply System Revenue Refunding Senior Lien Bonds, Series 2006(D) (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Financial Security Assurance Inc." in the official statement dated July 19, 2006, and under the caption "BOND INSURANCE – 2006 BONDS – Financial Security Assurance Inc." in the Amended and Restated Official Statement and Remarketing Circulars dated August 14, 2006, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) each of the insurance premium for the Insurance Policy No. 207165-N of \$1,569,643.13 and No. 207166-N of \$869,355.53 and for the Reserve Policy of \$45,000.00 (collectively, the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) Financial Security would not have issued the Insurance Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 

Authorized Officer

Dated: August 16, 2006

CONFIDENTIAL INFORMATION

CSechoch@winston.com
DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy Nos. 207164-N and 207167-N (collectively, the "Insurance Policy") and Policy No. 207164-R (the "Reserve Policy" and collectively with the Insurance Policy, the "Policy") in respect of the \$340,645,000 in aggregate principal amount of the City of Detroit Michigan Water Supply System Revenue Second Lien Bonds, consisting of \$120,000,000 Water Supply System Revenue Second Lien Bonds (Variable Rate

Demand), Series 2006(B) and \$220,645,000 Water Supply System Revenue Refunding Second Lien Bonds, Series 2006(C) (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Financial Security Assurance Inc." in the official statement dated July 19, 2006, and under the caption "BOND INSURANCE – 2006 BONDS – Financial Security Assurance Inc." in the Amended and Restated Official Statement and Remarketing Circulars dated August 14, 2006, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) each of the insurance premium for the Insurance Policy No. 207164-N of \$1,134,073.13 and No. 207167-N of \$1,739,359.03 and for the Reserve Policy of \$175,000.00 (collectively, the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) Financial Security would not have issued the Insurance Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.



Authorized Officer

CONFIDENTIAL INFORMATION

C.Schoch@winston.com

Detroit/17:07:2013 12:09

RULE 15c2-12 CERTIFICATE OF BOND INSURER

The undersigned hereby certifies to Siebert Brandford Shank & Co., LLC, as representative of the underwriters (the "Underwriters"), on behalf of Financial Security Assurance Inc. ("Financial Security"), as issuer of municipal bond insurance policies (the "Policies") with respect to the City of Detroit, Michigan Water Supply System Revenue Senior Lien Bonds, consisting of Water Supply System Revenue Senior Lien Bonds, Series 2006(A) and Water Supply System Revenue Refunding Senior Lien Bonds, Series 2006(D) and City of Detroit, Michigan Water Supply System Revenue Second Lien Bonds, consisting of Water Supply System Revenue Second Lien Bonds (Variable Rate Demand), Series 2006(B) and Water Supply System Revenue Refunding Second Lien Bonds, Series 2006(C) (the "Bonds"):

(1) that the preliminary official statement dated July 10, 2006 (the "Official Statement"), as to only the information set forth under the section entitled "BOND INSURANCE", was final as of its date within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

(2) In giving this certificate Financial Security does not admit that it comes within the definition of Issuer of Municipal Securities for purposes of Rule 15c2-12.

FINANCIAL SECURITY ASSURANCE INC.

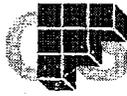
By: 
Authorized Officer

Dated: July 10, 2006

93278

Exhibit B

CONFIDENTIAL INFORMATION



**FINANCIAL
SECURITY
ASSURANCE®**

**MUNICIPAL BOND DEBT SERVICE
RESERVE INSURANCE POLICY**

ISSUER: City of Detroit, Michigan

Policy No.: 207164-R

BONDS: Water Supply System Revenue Second Lien Bonds, consisting of \$120,000,000 Water Supply System Revenue Second Lien Bonds (Variable Rate Demand), Series 2006(B) and \$220,645,000 Water Supply System Revenue Refunding Second Lien Bonds, Series 2006(C), and any other Second Lien Bonds issued pursuant to Bond Ordinance No. 01-05, adopted January 26, 2005, as amended and supplemented, or predecessor ordinances which were amended and restated by Bond Ordinance No. 01-05

Effective Date: August 16, 2006

Premium: \$175,000.00

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by Financial Security hereunder.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that Financial Security has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of

CSchoch@winston.com

Page 2 of 2
Policy No. 207164R

a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payments are due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity, unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$10,000,000. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document. "Termination Date" means the earlier of July 1, 2036 and the date the Series 2006(B) and Series 2006(C) Bonds are no longer outstanding under the Bond Document.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 501B NY (8/96)



FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: City of Detroit, Michigan

Policy No.: 207165-R

BONDS: Water Supply System Revenue Senior Lien Bonds,

Effective Date: August 16, 2006

Detroit 17:07:2013 12:09

consisting of \$280,000,000 Water Supply System Revenue Senior Lien Bonds, Series 2006(A) and \$146,590,000 Water Supply System Revenue Refunding Senior Lien Bonds, Series 2006(D), and any other Senior Lien Bonds issued pursuant to Bond Ordinance No. 01-05, adopted January 26, 2005, as amended and supplemented, or predecessor ordinances which were amended and restated by Bond Ordinance No. 01-05

Premium: \$45,000.00

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance Agreement. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by Financial Security hereunder.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that

[2.2.5.1.9] (Water Supply System Revenue Senior Lien Bonds Closing Memorandum).pdf [Page 1436 of 1509]

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings

CSchoch@winston.com Page 2 of 2
Policy No: 207165-B

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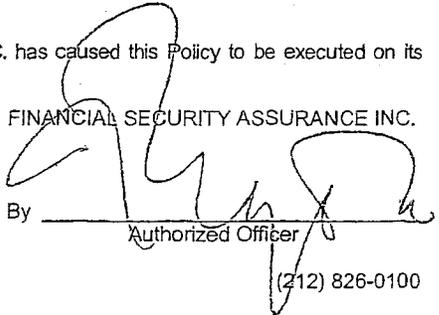
for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed \$3,000,000. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document. "Termination Date" means the earlier of July 1, 2034 and the date the Series 2006(A) and Series 2006(D) Bonds are no longer outstanding under the Bond Document.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.
By 
Authorized Officer
(212) 826-0100

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

Form 501B NY (8/96)

Exhibit 6D

**IMPAIRED ASSURED-INSURED DWSD BONDS
UNDER FOURTH AMENDED PLAN OF ADJUSTMENT⁹**

Sewer Bonds

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
227	Sewer2001C1 (Ins)	2512376J7	Senior	7/1/2016	625,000	5.25%	N/A
228	Sewer2001C1 (Ins)	2512376K4	Senior	7/1/2017	655,000	5.25%	N/A
229	Sewer2001C1 (Ins)	2512376L2	Senior	7/1/2018	690,000	5.25%	N/A
230	Sewer2001C1 (Ins)	2512376M0	Senior	7/1/2019	720,000	5.25%	N/A
231	Sewer2001C1 (Ins)	2512376P3	Senior	7/1/2027	110,510,000	7.00%	7/1/2019

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
263	Sewer2003A (Not Call)	251237YR8	Senior	7/1/2016	12,535,000	5.50%	N/A
265	Sewer2003A (Not Call)	251237YU1	Senior	7/1/2017	13,215,000	5.50%	N/A
266	Sewer2003A (Not Call)	251237YX5	Senior	7/1/2018	13,950,000	5.50%	N/A

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
270	Sewer2003B	2512376Q1	Senior	7/1/2033	150,000,000	7.50%	7/1/2019

⁹ Aggregate principal of assured-insured bonds to be impaired under the Plan: \$704,975,000

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
272	Sewer2004A	251237B77	Senior	7/1/2019	14,830,000	5.25%	N/A
273	Sewer2004A	251237B85	Senior	7/1/2020	15,605,000	5.25%	N/A
274	Sewer2004A	251237B93	Senior	7/1/2021	5,525,000	5.25%	N/A
275	Sewer2004A	251237C27	Senior	7/1/2022	5,545,000	5.25%	N/A
276	Sewer2004A	251237C35	Senior	7/1/2023	5,835,000	5.25%	N/A
277	Sewer2004A	251237C43	Senior	7/1/2024	6,145,000	5.25%	N/A

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
321	Sewer2012A (Ins)	251250AC0	Senior	7/1/2016	8,880,000	5.00%	N/A
322	Sewer2012A (Ins)	251250AE6	Senior	7/1/2018	9,750,000	5.00%	N/A

Water Bonds

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
125	Water2006A	251255V51	Senior	7/1/2016	8,030,000	5.00%	N/A
126	Water2006A	251255V69	Senior	7/1/2017	8,430,000	5.00%	7/1/2016
127	Water2006A	251255V77	Senior	7/1/2018	8,855,000	5.00%	7/1/2016
128	Water2006A	251255V85	Senior	7/1/2019	9,295,000	5.00%	7/1/2016
129	Water2006A	251255V93	Senior	7/1/2020	9,760,000	5.00%	7/1/2016
130	Water2006A	251255W27	Senior	7/1/2021	10,250,000	5.00%	7/1/2016
131	Water2006A	251255W35	Senior	7/1/2022	10,760,000	5.00%	7/1/2016
132	Water2006A	251255W43	Senior	7/1/2023	11,300,000	5.00%	7/1/2016

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
133	Water2006A	251255W50	Senior	7/1/2024	11,865,000	5.00%	7/1/2016
134	Water2006A	251255W68	Senior	7/1/2025	12,460,000	5.00%	7/1/2016
135	Water2006A	251255W76	Senior	7/1/2026	13,080,000	5.00%	7/1/2016

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
160	Water2006D	2512552D6	Senior	7/1/2019	2,650,000	5.00%	7/1/2016
161	Water2006D	2512552E4	Senior	7/1/2020	3,200,000	5.00%	7/1/2016
162	Water2006D	2512552F1	Senior	7/1/2023	20,135,000	5.00%	7/1/2016
163	Water2006D	2512552G9	Senior	7/1/2024	27,425,000	5.00%	7/1/2016
164	Water2006D	2512552H7	Senior	7/1/2025	9,955,000	5.00%	7/1/2016

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
142	Water2006B	251256AM5	Second	7/1/2019	100,000	5.00%	N/A
143	Water2006B	251256AN3	Second	7/1/2023	400,000	5.50%	7/1/2019
144	Water2006B	251256AP8	Second	7/1/2036	56,600,000	7.00%	7/1/2019
145	Water2006B	251256AQ6	Second	7/1/2036	62,100,000	6.25%	7/1/2019

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
148	Water2006C	251255Y25	Second	7/1/2016	3,795,000	5.00%	N/A
149	Water2006C	251255Y33	Second	7/1/2017	4,010,000	5.00%	7/1/2016

Class Number (1A-__)	Series Name	CUSIP	Lien	Maturity	Principal	Coupon	Call Date
150	Water2006C	251255Y41	Second	7/1/2018	4,765,000	5.00%	7/1/2016
151	Water2006C	251255Y58	Second	7/1/2022	5,860,000	5.00%	7/1/2016
152	Water2006C	251255Y66	Second	7/1/2026	14,880,000	5.00%	7/1/2016

Exhibit 6E

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Detroit/...
SPECIMEN

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (DTC), to the City of Detroit or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WAYNE
CITY OF DETROIT
DETROIT WATER AND SEWERAGE DEPARTMENT
SEWAGE DISPOSAL SYSTEM
REVENUE AND REVENUE REFUNDING SENIOR LIEN BOND,
SERIES 2012A**

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE
5.000%	July 1, 2014	June 26, 2012

CUSIP: 251250 AA4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: \$5,820,000

The City of Detroit, Wayne County, Michigan (the City), for value received, promises to pay, but only from the Pledged Assets hereinafter specified, to the Registered Owner named above, or registered assigns, the Principal Amount stated above in lawful money of the United States of America, on the Maturity Date stated above, unless prepaid prior thereto as hereinafter provided, with interest thereon from the Original Issue Date stated above, or the most recent date to which interest has been paid, until paid, at the Interest Rate Per Annum stated above, first payable on January 1, 2013, and semiannually on each January 1 and July 1 thereafter (each an Interest Payment Date). Principal of this Bond (as hereinafter defined) is payable upon presentation and surrender at the designated office of U.S. Bank National Association or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the Transfer Agent).

CONFIDENTIAL INFORMATION

CSchoch@winston.com

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Transfer Agent by check or draft mailed by the Transfer Agent to the registered owner at the registered address; provided, that at the written request of the registered owner of at least \$1,000,000 upon notice as provided in the Bond Authorization, as defined below. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

For the prompt payment of the principal of and interest on this Bond, the revenues of the Sewage Disposal System of the City (the "System"), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), are irrevocably pledged and a statutory lien on the Net Revenues and Pledged Assets (as defined in the Ordinance, hereinafter defined) is hereby recognized. Such lien is a first lien and the Bonds are of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Ordinance (hereinafter defined) and secured by a first lien on Net Revenues.

This Bond is one of a series of Bonds of even Original Issue Date aggregating the principal sum of \$659,780,000 (the Bonds) issued pursuant to Ordinance No. 18-01, duly adopted by the City Council on October 18, 2001 (the "Bond Ordinance"), a Resolution Authorizing the Issuance and Sale of Senior Lien Sewage Disposal System Revenue and Refunding Bonds of the City of Detroit and of Second Lien Sewage Disposal System Revenue and Refunding Bonds of the City of Detroit, duly adopted by the City Council on July 19, 2011 and approved by the Mayor on July 26, 2011 (the "Bond Resolution"), and a Sale Order of the Finance Director of the City, dated June 20, 2012 (the "Sale Order") (collectively, the "Bond Authorization") for the purpose of providing funds: (i) to finance a portion of the costs of certain capital improvements to the City's wastewater treatment and collection system; (ii) to refund certain Sewage Disposal System Revenue Bonds; (iii) to purchase certain tendered Sewage Disposal System Revenue and Revenue Refunding Bonds; (iv) to pay termination amounts relating to certain interest rate swap contracts associated with the Sewage Disposal System Revenue Bonds; (v) to fund a deposit to the Senior Lien Bond Reserve Account to meet the reserve requirements for the Bonds; and (vi) to pay costs of issuance for the Bonds.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Securities (as defined in the Ordinance) of equal standing and Additional Securities of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Ordinance. Capitalized terms not defined herein and defined in the Bond Authorization are used herein as therein defined.

The Bonds are subject to optional redemption and mandatory redemption as set forth below:

Optional Redemption of the Bonds. The Bonds maturing prior to July 1, 2023 are not subject to optional redemption prior to maturity. The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after July 1, 2023, except for those maturing July 1, 2024 and July 1, 2025, are subject to redemption prior to maturity at the option of the City, in such order as the City may determine, and by lot within a maturity, on any one or more dates on or after July 1,

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 Detroit, MI 48226-1218

2022, at a redemption price of par plus accrued interest to the date fixed for redemption. Bonds maturing on July 1, 2024 and July 1, 2025 are subject to redemption prior to maturity at the option of the City, in such order as the City may determine, and by lot within a maturity, on any one or more dates on or after July 1, 2017, at a redemption price of par plus accrued interest to the date fixed for redemption.

Mandatory Redemption of the Bonds. The Bonds maturing on July 1, 2032 are term bonds subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption.

Term Bonds due July 1, 2032

<u>Redemption Dates</u>	<u>Principal Amounts</u>
7/1/2028	\$11,010,000
7/1/2029	2,780,000
7/1/2030	11,710,000
7/1/2031	25,225,000
7/1/2032 (Maturity)	69,540,000

The Bonds maturing on July 1, 2039 insured by Assured Guaranty Municipal Corp. and are term bonds subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption.

Term Bonds due July 1, 2039*

<u>Redemption Dates</u>	<u>Principal Amounts</u>
7/1/2037	\$15,830,000
7/1/2038	16,650,000
7/1/2039 (Maturity)	17,520,000

*Insured by Assured Guaranty Municipal Corporation

The Bonds maturing on July 1, 2039 are term bonds subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at redemption price equal to the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption.

Term Bonds due July 1, 2039

<u>Redemption Dates</u>	<u>Principal Amounts</u>
7/1/2034	\$ 1,470,000
7/1/2035	1,440,000
7/1/2036	1,400,000
7/1/2037	91,340,000
7/1/2038	96,105,000
7/1/2039 (Maturity)	101,110,000

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CSchoch@winston.com
MAY 20 12:33
THIS BOND IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE CITY AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE SYSTEM. THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY THE STATUTORY LIEN AS HEREINBEFORE MENTIONED.

The City has covenanted and agreed, and hereby covenants and agrees, to fix and maintain at all times while any Bonds payable from the Pledged Assets of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest upon and the principal of the Bonds and all other Securities (as defined in the Ordinance) issued and to be issued under the Ordinance as and when the same shall become due and payable, to create and maintain a Bond Redemption Fund therefor, including a Bond Reserve, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System, all as are required by the Ordinance.

This Bond is transferable only upon the books of the City kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered Bond or Bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Bond Authorization and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond and the series of Bonds which this Bond is one have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication hereon has been executed by the Transfer Agent.

[Signature and Countersignature, Certificate of Authentication and Form of Assignment Follow.]

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CSchoech@winston.com
Detroit 07:2013 12:33

IN WITNESS WHEREOF, the City of Detroit, County of Wayne, State of Michigan, has caused this Bond to be signed in its name by the signatures of its Mayor and its Finance Director and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

CITY OF DETROIT

[seal]

By: *Dave Bing*
Dave Bing

Its: Mayor

Countersigned:

By: *Cheryl R. Johnson*
Cheryl R. Johnson

Its: Finance Director

CERTIFICATE OF AUTHENTICATION

This Bond is hereby authenticated as required by the within referenced Bond Authorization.

U.S. Bank National Association,
Transfer Agent

By: _____

Its: _____

Date of Authentication: June __, 2012

CSchoch@winston.com

Detroit/16:07:2013 12:33

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Serial Bonds maturing on July 1, 2016 and July 1, 2018 and the Term Bond maturing on July 1, 2039 in the principal amount of \$50,000 (the "Insured Bonds") to U. S. Bank National Association, Minneapolis, Minnesota, or its successor, as transfer agent and paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

CSchoch@winston.com
ASSIGNMENT

For Value Received the undersigned hereby sells, assigns and transfers unto
the within Bond and all rights thereunder, and

(Please print or typewrite name and address of transferee)

hereby irrevocably constitutes and appoints as attorney-in-fact to transfer the within Bond
on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of such person's authority to act must accompany the Bond.

Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program. The Trustee will not transfer of this Bond unless the information concerning the transferee requested below is provided.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE.

Name and Address:

(Insert number for first named transferee if held by joint account)

(Include information for all joint owners if the Bond is held by joint account.)